

**Business Plan Proposal to Expand Hours and Add Walk-in
Access for a Primary Care Office**

Strategic Business Plan

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Project Summary:

This business proposal creates a Convenient Care program for one of the office locations of a hospital-affiliated group practice. The program will include extended hours during week nights and on Saturday mornings as well as walk-in care for patients without appointments.

The extension of office hours will allow patients to be seen outside of normal work hours, will accommodate add-on appointment slots as acute care needs are identified, and increase the total capacity and volume of patient visits for the office. The plan is to centralize the Convenient Care services at one office which is surrounded by five other Primary Care practice locations, so that weekday evening and Saturday morning referrals could be accommodated at one office.

The Convenient Care program will be staffed by one provider, one nurse, and one office assistant position. The capacity of that office location will increase by an additional fifty-four (54) appointment slots per week.

With the identified trend of patients wanting convenient services and with the expected opening of a neighboring Urgent Care Center, this program will help the practice be more competitive.

The expansion of services will be promoted primarily to existing patients, but will allow the office location to have a significant increase in total number of patients served.

Executive Summary:

A. The Organization - this business plan is developed in support of a primary care office location. It operates as part of a multi-specialty group practice with a total of 14 locations. The practice is affiliated with a large regional healthcare system.

B. Market Opportunity - Patient requests for after-hours appointments has continued to increase. People who work until late afternoon would welcome the opportunity to see a healthcare provider between the hours of 5:00 p.m. and 8:00 p.m. or on Saturday mornings. There is a new Urgent Care Center planning to open within the next several months and it would likely serve patients of this practice in the early evening and on weekends. There is, therefore, an immediate need to increase capacity and reduce the needs of these patients to seek the services of an Urgent Care Center. With Medicare and private insurance companies focusing on the total cost of care, it is important to reduce the practice's patients' use of hospital emergency rooms and Urgent Care Centers.

C. Capital Requirements – The Convenient Care program will require investment in additional personnel and marketing. The practice will need to add paid shifts for providers (physician, nurse practitioner, or physician assistant), nurses (primarily LPNs), and receptionists. The annual costs of this personnel would be approximately: \$111,500. The office would incur additional expenses for the patient care during the extended hours. These medical supply costs are estimated to be \$17,350. The costs of marketing the program, including flyers, signs, and mailers to patients is budgeted for \$8,000. Total investment costs for the program would be \$137,000.

D. Mission Statement – The Convenient Care program will improve access for patients so that illnesses can be treated more quickly in the most efficient and cost-effective environment.

E. Management – The Convenient Care program will be run by the Practice Manager who currently oversees the location. The senior physician in that location will be the Medical Director of the program. The Practice Manager reports to the Senior Director of Practice Management for the specific region of the multi-specialty group.

F. Competitors – The competition in the market includes two hospital systems, one large private primary care practice, an Urgent Care company, and an FQHC practice. Both hospitals operate emergency departments and have affiliated physician services.

G. Competitive Advantages – The main advantage that the practice has is a primary care base of over 15,000 patients. The practice is the largest in the area and has the most locations. It also has capacity to add patients and accommodate growth.

H. Financial Projections – The Convenient Care program adds three (3) additional hours of service Monday through Friday and on Saturday mornings. These 18 hours of additional provider time should yield 54 appointment slots every week. The average collections for a routine / acute office visit is \$74. With a 10% no-show rate, the total annual revenue for this program would be about \$183,000. With the total expenses expected to be \$137,000, the Net Income is forecasted at \$46,000 per year.

PART ONE – The Organizational Plan

1. Summary Description of the Company – The organization is a multi-specialty group practice with a total of 70 providers. About two-thirds of the providers are physicians, and one-third are nurse practitioners and physician assistants. In addition to primary care specialties of family medicine and internal medicine, the organization includes general surgery, gastroenterology, cardiology, nephrology, and neurology. It is connected by agreement to a large regional health system that operates a total of 43 hospitals in three states. Capital investments and operating losses are supported by the health system.

a. Mission – The Mission of the health system is:

“To serve our community by providing outstanding patient care, and to shape tomorrow’s health system through clinical and technological innovation, research, and education.”

The Vision of the practice is to be:

“The multidisciplinary provider of choice associated with the regional healthcare system of choice, with a collaborative culture driven by active physician leadership, supported by an infrastructure designed for physician practice success, that places the patient at the center of the decision-making process and continues to grow to meet the needs of our patients and our regional communities.”

b. Business Model – The practice is a 501(c)(3) non-profit and supports a local hospital. The President of the organization is a physician, who is contracted through the health system. The administrative team includes an Executive Director of Regional Development, a Division Administrator, two senior directors, and 9 practice managers. All physicians are employees of the practice and there is one Electronic Medical Record system used by all providers.

c. SWOT Analysis:

- i. Strengths – The practice has about 15,000 primary care patients and six active locations in the area. There are 12 physicians, three physician assistants and a nurse practitioner who all work full-time, primarily in adult internal medicine. Since the on-call coverage is centralized for the patients of the six locations, there is a collaborative environment that would be supportive of a centralized location that offered extended hours.

The health system is poised to invest in this program; with total annual revenues of over \$16 billion, this program would be easily affordable.

Since the system has invested in acquiring these practices, it has a vested interest in expanding services, increasing the number of patients served, and improving the competitive position of the practice.

- ii. Weaknesses – Finding the personnel to staff the Convenient Care program is likely to be the biggest challenge. Many people would prefer not to work during evening hours or on Saturday mornings. Providers who are on salary may not want to “flex” their hours by adjusting their schedules. The practice will need to pay the providers additional hourly wages on top of their normal salary. Similarly, nurses and receptionists are reluctant to change their schedules and would have to be paid overtime for the time worked after 5:00 p.m. and on Saturday mornings. The practice would attempt to add part-time employees for these shifts, but that would take time and only a small number of potential applicants would be interested in these hours.
- iii. Opportunities – Many young families and people who work full-time struggle to get to a doctor’s office. They sometimes ignore symptoms or

delay seeking care due to the difficulty in getting to a medical office during normal working hours. This is the opportunity that most urgent care providers focus on. The Convenient Care program allows the practice to invite patients to come in, with or without an appointment, to be seen the same day.

Since the practice already pays for the space, the utilities, and all the associated expenses of running an office location, the marginal costs to add hours is minimal. Rather than investing in comprehensive urgent care center that is projected to lose money every year, this program takes advantage of space that is already paid for but is currently under-utilized.

- iv. Threats – With the outreach from competing healthcare provider organizations, patients in the area have many choices for the care they receive. The other organizations are spending large amounts on advertising and promoting their primary and specialty care providers, their emergency departments, and diagnostic services. They would very much like to attract the patients currently being cared for by the practice. Without creative strategies to attract and retain patients, these competitive threats will gradually weaken and shrink the market dominance of the practice. This Convenient Care program is one way to provide better access to patients of the practice and make it easier for them to continue choosing the practice for their care.
- d. Strategy – The most important component of this strategy is to communicate the program to the patients. Once the practice has identified the personnel to staff the extended hours, patients will need to know about and decide to visit the office during these extended hours. The marketing campaign needs to start at least one week prior to launching the program and needs to continue running for nine to

twelve months thereafter. The campaign includes distributing flyers to patients, mailing out large postcards to patients' homes, posting signs in exam rooms, adding announcements on the practice website, promotion on the practice's Facebook page, and playing a message during the on-hold telephone system. When patients call the practice between the hours of 5:00 p.m. and 7:45 p.m. and reach the answering service, they will be informed about the option to visit the office before 8:00 p.m. The answering service will coordinate with office staff and make sure there is capacity. The on-call providers will discuss the patients' condition and discuss the appropriateness of using the Convenient Care services.

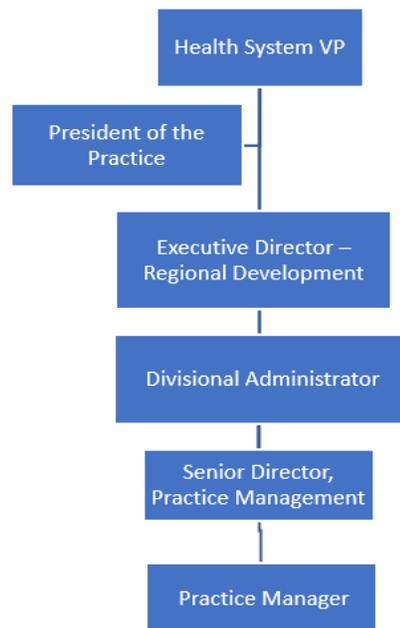
- e. Strategic Relationships – The practice will need to develop and cultivate key strategic relationships to help launch and sustain the Convenient Care program.
 - i. The commercial health plans will be contacted to update their listing of the available services and hours of operation. Most plans offer information to their members via websites that could be useful in promoting this service.
 - ii. The Answering Service will be helpful in communicating the availability of the extended hours as patients call on weekday evenings or on Saturday mornings. Their partnership will be key in coordinating with the office staff.
 - iii. The Practice's Website Designer will be a partner in designing and promoting content that describes and encourages the use of the Convenient Care program.
 - iv. The local Police Department will be solicited as partners to help provide surveillance, guidance for safety precautions, and for potential response as needed. Staying open during non-traditional hours could lead to

possible safety concerns for the practice's patients and staff, so getting help from the Police would be crucial.

- f. Key Stakeholders and Key Decision-Makers – The President of the practice will be a critical decision-maker for approving this expansion of services. In addition, the senior health system administrator in charge of the physician network will need to authorize the increase in personnel expenses. The stakeholders include the physicians employed by the practice. They will need to understand the nature and role of the Convenient Care program and encourage their patients to utilize the services as appropriate. They will also help patients determine when they should be seen in an office setting, as opposed to going to urgent care or an emergency department.
2. Services – The services are primarily an extension of the primary care services that are currently being offered. Patients will be able to see a primary care provider between the hours of 5:00 p.m. to 8:00 p.m. Monday through Friday and 9:00 a.m. to 12:00 p.m. (noon) on Saturdays. Patients will be able to get same-day appointments or be able to walk-in to receive care. Obviously, some very sick patients would need to be assessed before being referred to the emergency department, as dictated by the nature of their condition.
3. Administrative Plan:
 - a. Responsibilities – The Practice Manager will have oversight of the Convenient Care program. She will manage the scheduling of all the personnel and will fill the shifts as needed for the providers, nurses, and receptionists. She will respond to problems, address issues as they arise, and respond to patient or staff complaints or suggestions.

The Executive Director for Regional Development will be responsible for securing senior administrative approval and for directing the marketing efforts. He will also help secure the community partnerships.

- b. Organizational Chart – the simplified Organizational Chart below shows the structure of reporting relationships for this program:



4. Operational Plan – The Convenient Care program can be developed and implemented fairly quickly, since it utilizes existing space and existing staff.
- a. Project Timeline – From the initial discussions of the concept, through the development, analysis and implementation of the program, a total of six to eight months is allotted.
- b. Potential Operational Roadblocks and Resolutions – The primary concerns about the operation of the Convenient Care program is the recruitment and deployment of the staff. Making sure that all the evening and weekend shifts are covered is the principle obstacle to a smooth implementation. The solution is to plan in

advance, have a schedule that is visible to the people working, with reminders and follow-up communication from the Practice Manager. If the scheduled provider is sick or unable to work a particular shift, the Practice Manager will contact other providers in the practice to ask for a substitute. If no providers are able to cover the shift, those hours would be cancelled, and a staff person would be assigned to let patients know.

In addition, the nurses will be cross-trained so that they can fill-in for the office position. The nurses should be able to check patients in and out, answer phones, and perform registration and collect patient co-pays.

PART TWO – The Marketing Plan

5. Overview and Goals of the Marketing Strategy – The success of the Convenient Care program relies on patients knowing about it and deciding to visit the practice during the extended hours. The Marketing Strategy will focus on informing patients about the existence of the program, its benefits, and the convenience of having provider hours during evenings and Saturday mornings. Once the program is operational and proven successful, it is expected that it will be promoted to the community to attract new patients.
6. Market Analysis:
 - a. The Company – with over 15,000 patients in the area, the practice is situated in a good position to launch a new program for its patients. It has the resources and desire to expand services and capacity.
 - b. Market Opportunity – Most medical practices in the area do not offer evening or weekend hours. There is a very real opportunity to attract patients to utilize the practice during these off-hours and reduce their use of urgent care or emergency departments. Over time, this program will add new patients to the practice and retain patients tempted to leave.

- c. Competitors – the local competition is actively promoting their services and physician practices. However, they are not promoting evening or weekend hours, other than in their emergency departments. The new Urgent Care Center will be opening in six to nine months, but will struggle to convert the practice’s patients who are using the Convenient Care program.
 - d. Capital Requirements – The practice will need to invest in marketing the Convenient Care program and paying the staff to work the additional hours. The medical supplies that will be needed are already stocked in the office, but will need to re-ordered more frequently with the increased patient visits. One attractive feature of this program is that additional office space and furnishings do not need to be purchased.
7. Marketing Strategy – The program needs to be communicated to all patients. The strategies include:
- a. Flyers that will be available in the seating areas, and at the registration desks
 - b. Signs that will be posted at the front desk and in the exam rooms
 - c. Large postcards mailed to patients’ homes
 - d. Information posted on the practice’s website
 - e. Updates requested to be added on the commercial insurance companies’ websites
 - f. Information posted on the practice’s Facebook page
 - g. Once the program is operational and successful, it will be promoted through low cost means such as the practice’s website and Facebook page.
8. Implementation of Marketing Strategy – The promotion will begin one week prior to the start of the program. The large postcards will be mailed during the first month of operation. It will be consistently promoted on an ongoing basis, although without additional financial investments after the first year.

PART THREE: Financial Analysis

9. Summary of Financial Needs – The primary objective is to secure the support of senior administration about the benefits of the Convenient Care program and to authorize the addition of staff and paid hours to expand the practice’s hours of operation. The financial investment would be approximately \$137,000 per year, but the revenues are projected to be \$183,000.
 - a. Financing – Since the marketing effort is budgeted at less than \$8,000, these expenses will be paid from the operating budget. Adding staff hours to the monthly expenses should quickly be balanced by increased revenues. The medical supply costs should be less than \$1,500 per month and will not be a significant factor for a practice with total revenues in excess of \$26 million.
 - b. Capital Investment – There are no expected purchases or investments required, other than the marketing materials.
 - c. Resources Needed / Opportunity Costs – Since the Convenient Care program utilizes existing space, the amount of investment is relatively small. The office is normally closed and not generating revenue during early evening hours and on weekends. If the program is underutilized, it would be easy to modify the hours of operation – or even to cancel the program and return to regular business hours.
10. Key Assumptions – For the Marketing expenses, the assumptions include:
 - a. 1000 flyers can be photocopied at \$0.15 each
 - b. Large postcards can be produced at \$0.75 each and mailed for \$0.50 to each of 6000 patients
 - c. 50 signs for the offices and exam rooms can be produced for \$6 each.
 - d. The average medical supply cost per visit is \$7. There will be an average of 10% of appointment slots not filled.

- e. The average collected revenue per visit is \$74, as calculated by the Finance Department of the health system.
- f. The volume of services is expected to increase 5% per year for the first three years. Salaries, taxes, and medical supplies will go up 3% per year, and marketing expenses are not needed after year 1.

11. Pro Forma Income Statement – The projected income statement is reflected below:

Convenient Care Program
Pro Forma Income Statement

Revenues:

Patient Service Charges	\$293,466
Allowances, Bad Debt	<u>\$110,050</u>
Net Revenues	\$183,416

Expenses:

Personnel	\$103,760
Payroll Taxes	\$7,730
Medical Supplies	\$17,350
Marketing	<u>\$7,950</u>
Total Expenses	\$136,790
NET INCOME	\$46,626

12. Breakeven Analysis – In order to cover projected annual expenses, the Convenient Care program will need to complete 1848 patient visits within one year. The program will add capacity of 54 slots per week (3 slots per hour, 3 hours per day, 6 days per week), and is

expected to have 10% of the appointment slots unfilled. Therefore, the program should cover all its projected expenses within 38 weeks or within 9 months.

The Return on Investment (ROI) based on the profits generated from the marketing investment is 586.5% (Net Cash Flow / Marketing Investment * 100).

13. Statement of Cash Flows – The following reflects the flow of cash for the Convenient Care program:

Cash Flow from Operations:	\$183,416
Uses of Cash:	
Personnel – including taxes:	\$111,491
Supply costs:	\$17,350
Marketing:	\$7,950
Net Cash Flow:	\$46,626

14. Three-Year Income Projection:

Convenient Care Program			
Three-Year Income Projection			
	Year 1	Year 2	Year 3
Revenues:			
Patient Service Charges	\$293,466	\$308,140	\$323,547
Allowances, Bad Debt	<u>\$110,050</u>	\$115,552	\$121,330
Net Revenues	\$183,416	\$192,587	\$202,217
Expenses:			
Personnel	\$103,760	\$106,873	\$110,079
Payroll Taxes	\$7,730	\$7,962	\$8,201
Medical Supplies	\$17,350	\$17,871	\$18,407
Marketing	<u>\$7,950</u>	<u>\$0</u>	<u>\$0</u>
Total Expenses	\$136,790	\$132,705	\$136,686
NET INCOME	\$46,626	\$59,882	\$65,530

15. Note on the Absence of a Balance Sheet – Since the only expenses are personnel, medical supplies, and marketing, there are no significant changes in the value of assets or liabilities. As the program operates, there would be a slight increase in the practice's Account Receivable assets, and a slight increase in accrued payroll and payroll tax liabilities. However, it would not be meaningful to reflect these changes in a pro forma Balance Sheet.

PART FOUR: Innovative Elements and Expected Business Outcomes

The Convenient Care program is specifically targeted to appeal to patients. It encourages office visits during weekday evening hours and on Saturday mornings. It reduces the need for patients to utilize more expensive options like urgent care centers or emergency departments. It improves the practice's ability to compete with other walk-in centers such as the Minute Clinic offered by CVS. It helps patients take care of their problems sooner, with better access and more convenient scheduling. Patients will benefit from being to see a provider in their own practice with access to their own medical record.

The program is unique in the region and will be popular with people who work, or people who need their partner to return home from work to care for their children. It will help attract new patients to the practice and will improve the retention rate for patients who have several options in the community. The program utilizes existing space that is currently underutilized, so that the incremental costs are small. Once the program is promoted and patients learn about the increased access, it is projected that it will be successful and will benefit the practice financially.

The business outcomes will be an increase in the capacity of the practice, with an additional 2,754 appointment slots per year. The revenues are expected to exceed expenses by over \$46,000 per year. The popularity of the program is anticipated to improve the patients retained by the practice and reduce the effectiveness of the competitors' advertisements.

The Convenient Care program relies on having adequate staff to work the additional hours and effective marketing to the practice's patients. If it is successful, the program could be replicated in other offices in the practice, or possibly in other regions served by the health system

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