



Successful Business Planning For HIV Services



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Agenda

- Review why business planning is a key strategy at this time in the AIDS epidemic.
- Learn the elements of business planning to enhance the sustainability of your organization to continue to provide vital HIV services.
- Discuss examples of how business planning can lead to expanded services and enhanced performance on the care continuum.

Business Planning: Why Now?

Environmental Assessment

- Greater Need
 - 50,000 new HIV patients each year
 - Historically low death rates
 - Patient needs becoming more complex
 - Exit of health care providers

Environmental Assessment

- Health Care
 - More integrated care
 - Greater patient choice
 - Intensified focus on quality rather than quantity
 - Novel models of care

Environmental Assessment

- Financing HIV care and treatment
 - ACA alters public funding
 - Unauthorized Ryan White and HOPWA
 - Level federal appropriations
 - Private funding challenged by new and different priorities and lingering effect of the Great Recession

Environmental Assessment

- AIDS Organizations Financial Position
 - 75% of AIDS organizations have had a deficit in 1 of last three years
 - 15% of AIDS organizations have had a deficit in all of the last three years
 - “Our heavy reliance on federal funding is hurting us, and I think it’s only going to get worse.”
 - “I’m not sure how we’re going to survive.”
 - “We’re holding our heads above water, but just barely sometimes.”
 - “We’ve probably lost 10% of income in recent years.”

Why Now?

- The needs of our patients and clients are changing, becoming more health care focused and more complex, all of which our organizations must address.
- The financial health of our organizations needs to be enhanced to sustain HIV services.

Business Planning: Key Elements

Strategic Planning vs. Business Planning

Strategic Planning

- Looking at strategic options and directions
- Written in terms of goals and objectives
- Measured in years
- Wish list

Business Planning

- Evaluating the viability of specific business strategies and decisions
- Written in terms of return on investment, staffing ratios, and volume and financial projections
- Measured in months
- To do list

Recommendation

Any new business line developed and implemented by your organization must be supported by a thorough business plan that provides executive and board leaders necessary information – strategic, operational, legal, financial - to determine the best course forward for the organization.

Business Plan

1. Market Analysis
2. Operational Analysis
3. Legal & Regulatory Analysis
4. Corporate Structure Analysis
5. Community Relations Analysis
6. Financial Analysis



Market Analysis

Determine the size of the HIV market in your community and the market share that your organization can achieve.

1. Identify patient base
2. Identify competitors and competitive advantages
3. Identify industry trends
4. Identify payor mix and trends

Knowing your market from a business prospective is critical to success

Example: Market Analysis

	2014	2015	2016	2017	2018
Reported HIV cases	3,000	3,250	3,500	3,750	4,000
Number served by you	1,000				
Number served by Org 1	500				
Number served by Org 2	250				
Number served by Org 3	<u>250</u>				
Unserved	1,000				
# you could begin to serve					

Operational Analysis

Determine the feasibility and strategies necessary to establish new business lines.

1. Staffing – current, repurpose and new
2. Space – current, repurpose and new
3. Scope of services to be provided
4. Information technology needs
5. Marketing strategies
6. Business partnership opportunities
7. Financial and human resources management

Legal & Regulatory Analysis

Assure compliance with federal and state laws and regulations. Examples may include:

1. Clinic licensure
2. Pharmacy licensure
3. DEA requirements
4. Medicaid & Medicare requirements
5. Contract negotiations and credentialing

Corporate Structure Analysis

Develop a structure or partnership that supports the provision of the business line.

1. Current corporate structure with expanded programming
2. Subsidiary corporations - LLCs
3. Joint Ventures

Traditional ASO partnerships may not enhance sustainability of services

Community Relations Analysis

Maintain and enhance your organization's support through the establishment of new business lines.

1. Staff
2. Other HIV and health care providers
3. Donors
4. Public officials

Financial Analysis

Multiple business scenarios with key variables and complete financial projections must be developed and scrutinized to protect your organization's services and financial interests.

Low - Medium - High

Financial Analysis

- Income Statement
 - Volume
 - Payor Mix
 - Reimbursement rates
 - Variable costs
 - 3 to 5 year projections

Financial Analysis

■ Cash Flow

- Health care revenue cycle
- Timing of receipt of cash
- Collectibles
- Projected maximum financing needs
- Length of time needed for financing

Financial Analysis

- Financing
 - Internal financing
 - Access to lines of credit and loans
 - Donations

Well done business plans can be the basis of securing financing

Estimated Timeline

- Business Plan Development 3 months
- Review and Approval 1 month
- Implementation 6 - 12 months