EAST SLOPE HEALTHCARE: DEVELOPMENT OF PRELIMINARY BUSINESS PLAN

by

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TABLE OF CONTENTS

1. INTRODUCTION 1

Statement of the Problem 4
Purpose Statement 5

2. LITERATURE REVIEW 6

Colony A Research 6
Nurse Entrepreneurship 8

3. BUSINESS PLAN FRAMEWORK 9

Executive Summary 9
Company Description 10
Market Research and Analysis 10
Description of Product and Services 11
Marketing and Sales 12
Funding 13
Financial Projections 14
Summary 14

REFERENCES CITED 15

APPENDICES 17

APPENDIX A: East Slope Healthcare: Preliminary Business Plan 18
APPENDIX B: East Slope Healthcare Three Year Tax Projections 27
APPENDIX C: East Slope Healthcare Direct Cost Supplies 29
APPENDIX D: East Slope Healthcare Cost of Service 32
APPENDIX E: East Slope Healthcare Reimbursement Summary 34

LIST OF TABLES

Table Page

1. Financial Projection 36

2. Cash Flow 8/13-8/16.....38

ABSTRACT

With the current shortage and forecasted projections of primary care provider shortage in rural areas, the need for more primary healthcare providers to service rural Montana citizens is increasing. As members of the rural population of Montana, Hutterite colonies suffer from the same primary healthcare (PHC) provider shortage. Through personal interviews as well as expense reviews over the past 5 months, Colony A's current healthcare usage has provided the needed information to formulate a sound business plan. Market research was also generated from monthly healthcare expense review, and guided East Slope Healthcare in developing the unique billing model. This project will provide a business plan that is not only sensitive to the current US healthcare environment by providing PHC to the underserved rural population, but also sensitive to Colony A's cultural difference and financial operations. The information gained from this paper will be useful in working with all of the Hutterite colonies in Montana, but each colony needs to be viewed and assessed as individual entities.

CHAPTER ONE

INTRODUCTION

Obtaining access to PHC is a challenge in our current healthcare environment. The majority of Montana is considered medically underserved in regards to PHC provider coverage (U.S. Department of Health and Human Services Administration, 2011). A phone survey of nine hundred twenty-two allopathic and osteopathic primary care physicians was conducted June thru December 2007. The PHC providers were identified using the 2006-07 Montana Medical Association Physician Directory. The study found that Cascade County was in the most severe need of family practice (Stenseth, 2009). In 2009 there were 2,691 PC providers composed of family practice doctors (491), internists (262), general practice doctors (18), pediatricians (97) APRNs (452), and physician assistant (326) that served the 967,440 Montana residents (Rivard, 2009). "The ratio of PC physician to patient population in Montana is slightly better than the national average: 1:1,122 and 1:1,160, respectively. However, the PC physician workforce is not evenly distributed throughout the state as 33 of Montana's 56 counties are below the aforementioned national average" (Rivard, 2009, p. 2). The aging physician population is also forecasted to be a component in primary care provider shortage in Montana. "In Montana, 24.5% of active physicians are age 60 or older (higher than the national average) and are likely to retire within 5 years" (Rivard, 2009, p. 2). With the increasing void of primary care providers and access to primary care in Montana, nurse practitioners will be vital to fill this void. The Center for Rural Affairs states: "The decline in general practitioners means that physicians alone cannot meet the demands of caring for the rural

population. Nurse practitioners are excellent choices to provide patient-centered primary care and can help fill the health care void in rural areas (Center for Rural Health Affairs, 2009, p. 1). The Hutterites are members of Montana rural communities and face similar challenges in accessing and effectively utilizing primary healthcare in Montana.

Shortage of health care providers available to practice in rural settings in Montana leaves residents of these rural communities with a lack of health care availability. The U.S. Department of Health and Human Services (USDHHS) has recognized these shortages and the possible consequences as well as the need to address them. They have developed criteria to identify people suffering from healthcare provider shortage. These designations are referred to as health provider shortage areas (HPSAs). There are three different types of HPSA designations, each with its own designation requirements: geographic area, population groups, facilities (U.S. Department of Health and Human Services, 2012). Colony A's (pseudonym used to protect member anonymity) geographic location designates it a HPSA. In order for a region to be qualified under geographic location, the region must meet one of the following criteria: a population to full-time equivalent primary care physician ratio of less than 3,500:1 but greater than 3,000:1, unusually high needs for primary care services or insufficient capacity of existing primary care providers, and PHC providers in contiguous areas that are over utilized, excessively distant, or inaccessible to the population under consideration (U.S. Department of Health and Human Services, 2012). The HPSA geographic region in Montana is broken down into counties. The vast majority of Montana is qualified as HPSA through both the geographic and population qualifications. Colony A is located in

the north eastern corner of Lewis and Clark County which is deemed a Geographic HPSA (Montana.gov, 2011). Although Lewis and Clark County is a HPSA, Colony A's primary care usage is unique. The PHC provider shortage was further investigated and lack of PC was discovered during personal interviews with the Colony A members.

The Hutterites are a communal group of individuals whose religion guides their culture and everyday living. They are primarily self-sufficient and rely heavily on agriculture and livestock for financial sustenance. There are approximately 50 colonies in Montana and each colony has approximately 100 members (Morton, 2010). Colony A will be the focus for this project. Colony A is the newest colony in Montana, having been established in 2009. It branched off of the Milford colony due to the high numbers and success which Milford had achieved. Although the structure, beliefs, and healthcare practices of each colony are similar, each individual colony has its own individual characteristics. Colony A is located in central Montana approximately 10 miles SW of Augusta, Montana. The closest major city is Great Falls, which is approximately 50 miles SE of Colony A. Colonies are traditionally located in rural areas of Montana because of their agriculture focus. Transportation into local cities is limited and often times challenging due to limited access to vehicles and poor road conditions. These challenges, along with the low number of primary care rural providers in this region, are reasons for their lack of primary care usage.

Statement of the Problem

There are a number of reasons citizens of rural Montana have limited access to PHC: low number of practicing primary care providers, lack of interest in graduating medical students in primary care, and an aging physician population in Montana. Colony A members face these same challenges, and after extensive personal interviewing, it was discovered that only 18% of the colony members seek regular primary health care.

There are currently 86 members of the colony ranging in age from 3 months to 88 years.. They see 18 different physicians, nurse practitioners, and physician assistants for their healthcare needs. These providers include OBGYN, emergency medicine, and primary care providers. The Hutterites often times do not have a PHC provider, and know little about preventative care. The majority of the health care they seek is in response to an acute illness. Many of the members refer to ER providers or OBGYNs as their "primary care providers." It was elicited during personal interviews with the Colony A members that only 18% have regular contact with the same primary care provider. Of this 18% only one colony member was under the age of 50. Often times a chronic condition such as hypertension is being treated by one provider and the treatment plan altered by another with no communication between those two providers. With the lack of PHC providers involved in the colony's care, and inappropriate use of specialty providers as primary care providers, care can be disorganized and inconsistent. During expense review it was noted that members of the colony see multiple healthcare providers for the same health concern, and exams and tests are repeated incurring unnecessary cost and stress to patients. Quality communication among PHC providers is a challenge, but

in rural settings this challenge is even more present due to the lack of a standardized electronic documentation system. Improving access to PHC by having one primary care provider focused on the Hutterite population will allow for improved continuum and quality of care decreasing medical costs as well as improving healthcare utilization.

Purpose Statement

The purpose of this professional project was to develop a business plan to empower Montana's rural citizens of Colony A to improve their current usage of the healthcare system and to provide high quality, affordable, patient focused PC.

CHAPTER TWO

LITERATURE REVIEW

The Hutterite colonies first appeared in North America in the 1870's, after they migrated from Russia. The Hutterites have always been pacifists, unwilling to contribute to military agendas which led to expulsion from many of their homelands in Russia (Morton, 2010). The Hutterites that made it as far south as Montana included two main branches: the Dariusleut and Lehrerleut. There are currently 15 Dariusleut and 35 Lehrerleut colonies located throughout Montana (Morton, 2010). Colony A falls under the Lehrerleut branch. Although there are differing branches, the underlying practices and beliefs are shared amongst all of the colonies.

Colony A Assessment

Each colony has the identical leadership hierarchy. The colonies have a minister which is viewed as the colony head and often referred to as the "boss." He oversees all of the general wellbeing of the colony and mediates any internal issues with the colony as well as communicates with the other colonies in the state about current colony issues. Next in command is the secretary. He is responsible for the financial wellbeing of the colony. He oversees all of the colony's earning and spending, including medical expenditures (Colony A secretary, 2012, personal communication). Colony A's secretary is responsible for Colony A's secretarial duties. These two positions are elected and voted on during quarterly elections held at designated sites. Only the men are involved in the election process. There is no term limit or formal election process. The Colony A

secretary states: “If a man shows promise he is elected. Every male member of the colonies is provided with a piece of paper and the name of their choice is written on the piece of paper. Before and after the votes are tallied a prayer is said to bless the person fulfilling the positions” (Colony A secretary, 2012, personal communication). The current Colony A secretary and Colony A minister have held these positions since the origination of the Colony A in 2009 (Colony A secretary, 2012, personal communication). The medical board is made up of secretaries from a number of colonies in the state. Currently there are 8 members of the medical board. These members meet every other month and discuss medical expenditures. These are closed meetings and even members of the colonies must be invited to attend these meetings (Colony A secretary, 2012, personal communication).

The Hutterites’ main source of financial income is agriculture and livestock. Each individual colony may have a specific cash crop. For example, Colony A’s main source of income is their barley production. The Colony A secretary states that 70% of their annual income occurs during the months of September and October when their barley crops are harvested and sold (Colony A secretary, 2012, personal communication). In comparison, Colony A’s sister colony, Milford’s, main income is through hog sales (Colony A secretary, 2012, personal communication). The money made by each individual colony is used for the purchase of land, equipment, and every day costs for that colony. The colony does have to pay a significant amount of taxes as well on their land, stock, and equipment owned (Colony A secretary, 2012, personal communication).

Colony A members do not carry traditional individual insurance. According to the Colony A secretary, the colony pays for individual members' healthcare needs until a $12,000 per person per year deductible has been met. After that deductible has been met additional costs are paid in a full by the Lehrerleut Hutterite Medical Fund Partnership (Colony A secretary, 2012). The Lehrerleut Hutterite Medical Fund is financed by a $60/month fee per colony member starting at birth. This cost is paid by the colony. The elders are covered by Medicare, the only government assistance for which they are eligible for.

Nurse Entrepreneurship

Although nurses receive some formal education on entrepreneurship during their undergraduate and graduate programs, our current healthcare environment is complex and demands that nurses understand the business and financial aspect of the healthcare environment. "Nurses have the knowledge to help translate patient care into dollars and vice versa: this ability is a unique domain to nursing" (Finkler, Jones, & Kovner, 2013, P. 41). Graduate level nursing education has provided resources and information to help understand our dynamic economy and how it influences the healthcare environment, including impending changes associated with the Affordable Care Act. These tools and experiences provide APRNs with a baseline of information to begin developing a successful business plan and excel in leadership roles in healthcare. It is important that the APRN is focused on continuing their own personal education in the area of business management to develop the appropriate skills to run a successful practice.

CHAPTER THREE

BUSINESS PLAN FRAME WORK

Developing a business plan for a small PHC practice of this kind poses many challenges for the healthcare professional. The U.S. Small Business Administration provides a framework to develop a business plan that will be used for this project. One may follow the framework of this government web-site and view examples of other business plans, as well as get professional consulting (U.S. Small Business Administration, 2011).

There are several components of a business plan: executive summary, company description, market research, organization/management, product/service offered, marketing/sales, and financial projections. The business plan typically provides a three to five year projection including annual milestones including revenue projections (U.S. Small Business Administration, 2011). The following is a description of how the business model framework provided by the Small Business Administration (SBA) was used to develop a small medical practice involving t Colony A and eventually other Hutterite colonies of central Montana.

Executive Summary

The executive summary is the first component of the business plan, but is routinely updated and edited throughout the development of the business plan. This section briefly tells the reader what your company is currently, your future goals, and your strategies to accomplish these goals (U.S. Small Business Administration, 2011).

This section is often seen as a summary of the overall business plan and gives the reader an overall picture of the business plan. Evidence of expertise and experience in the field of study, as well as what led to the develop of the business plan are included in this section.

Company Description

The second section of the business plan is the company description. This section provides an in depth description of the different elements of the business (U.S. Small Business Administration, 2011). In this section the company's legal structure, market place needs that are being satisfied, how these needs will be satisfied, and why this company will improve upon the current services available are all discussed. The organization management hierarchy description is simple and concise, because of the small nature of the company. There is discussion of future growth of company in this section that includes potentially adding personnel to the staff, and how this will be handled. The company's legal structure is included in this section.

Market Research and Analysis

Market research and analysis is one of the more challenging areas to have been included in this business plan. The Hutterites belong to a unique culture that has a different set of values and in which healthcare practices are limited. Analyzing their specific healthcare usage and how their cultural practices tie into their financial structure is complicated and this qualitative information is difficult to communicate. Their belief and cultural practices dictate the type of healthcare sought and willingness to financially

commit to a PHC business model such as the one being described. Their past experiences with the "outside" world have left them skeptical, in my experience, to trust others when it comes to their healthcare practice. Colony A's healthcare expenses and costs of healthcare have been reviewed with the Colony A secretary. These numbers were tallied and provided in the appendices. Compiling this information and providing it to the Secretary in an easy to understand format assists in the understanding of the amount of money the colony is currently spending on healthcare. As I increased my time spent on the colony, their healthcare needs and usage became more apparent. This need for improved access and lowering the cost of care was a corner stone to the market research and analysis.

Description of Product or Services

Description of the service being provided is the next section of this paper. Explanation of how this business plan will improve their current primary healthcare and how lower costs is provided. Comparing the current cost of medical care obtained in the market analysis is contrasted with the proposed primary healthcare plan, demonstrating how the quality and cost will improve with use of these services. Examples of how this business plan can help decrease provider overhead thus lowering cost is explained in this section. Separating the services provided in this business model from the competitors and showing the potential benefits of using this service are highlighted.

Marketing and Sales

After the services provided by this company have been defined, how the business will be marketed to the target population is described. The marketing strategy should include four different strategies: market penetration strategy, growth strategy, channels of distribution strategy and communication strategy (U.S. Small Business Administration, 2011). Market penetration is how a company plans on infiltrating their current business into the already existing market successfully (U.S. Small Business Administration, 2011). Improving healthcare access as well as lowering costs are the two main strategies that will help this model penetrate the current healthcare utilization of the Colony A Hutterites. Growth strategies are ways that the business plans on growing in the future. There are two different types of growth that I foresee with this company, horizontal and vertical. Horizontal growth is providing the same services to larger number of people (U.S. Small Business Administration, 2011). Horizontal growth will be possible with this business plan. As the other colonies in the state see how Colony A utilizes this healthcare business model to improve access and decrease the cost of healthcare, there is a high likelihood, and my hope, that they will join this already established model. Vertical growth provides the same products, but would offer them at different levels of the distribution chain (U.S. Small Business Administration, 2011). For example, providing lab services “in house” through portable or table top lab equipment at lower cost is a future goal for this company. Initially lab services will be contracted though a tertiary company, but as revenue increases and the cost of lab equipment is obtainable these will be part of the services provided improving care by decreasing the time results

are provided and lowering cost by having these services available in house. Analysis of cost of laboratory machinery vs. potential increase in revenue will be addressed. Channels of distribution and communication strategy will be combined, as they are straight forward with this plan since all services are provided in person, by the author. What is unique to this business plan is how I plan on including home health at the colony, and how this will not only improve access and quality of healthcare, but also financially be beneficial for the colony and the business.

Funding

Funding request is not a mandatory portion of a business plan, and is only included if financial assistance is required. Because there is low overhead with this type of business model in comparison to other medical businesses, there will be minimal startup cost associated. Funding request includes a number of components including: current funding requirement, future funding requirements over the next five years, how one intends to use the funds received, and any strategic financial situational plans for the future, such as a buyout, being acquired, debt repayment plan, or selling the business (U.S. Small Business Administration, 2011). The current funding needed is broken down into categories including supplies, direct cost, and indirect cost. These totals were formulated during market research and evaluation of average costs of these services and equipment needed. The needs and requests will be compared to the potential revenue estimated at time of company start up. Estimated revenue was determined through evaluation of current medical expenditure and monthly expense review.

Financial Projection

Financial projection is an estimate of what one's company will be making in the future, and a five year projection is standard for most creditors (U.S. Small Business Administration, 2011). This portion of the business plan illustrates the income statements, balance sheets, cash flow statements, and capital expenditure budgets. Although they are only estimates, it was assumed that a Colony A's current healthcare expenditure would provide reliable data by which to predict future income. These numbers support the financial stability of the business plan and encourage prospective creditors to invest in the company.

Summary

A preliminary business plan was developed following the SBA guidelines discussed above. Colony A was assessed for current usage of primary care as well as need for primary healthcare provider. Colony A was underutilizing primary healthcare which may likely be related to the current primary healthcare shortage in rural areas noted in this project. This assessment data was used to develop a preliminary business plan that will be used to further develop this business model for future growth and development of East Slope Healthcare.

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APPENDICES

APPENDIX A

EAST SLOPE HEALTHCARE: PRILIMANRY BUSINESS PLAN

Executive Summary

Product

Provision of holistic patient focused primary healthcare that is sensitive to Central Montana's Hutterite colonies' cultural differences at an affordable price. Aid our clients in improving their current utilization of other healthcare services that are available to them through appropriate referrals and patient education.

Customers

Colony A Hutterites with our goal to include other Hutterite colonies of Central Montana.

What Drives Us

Having the ability to provide a valuable healthcare service to a vulnerable population that is currently underserved in regards to primary healthcare. Providing healthcare that is sensitive to the Hutterites' unique cultural and financial differences, improving their total wellness and empowering them to improve their health.

Company Description

Mission Statement

The mission of East Slope Medical is to provide high quality patient focused healthcare to the Hutterites of Montana improving both their access and utilization of healthcare. East Slope Healthcare will empower the Hutterites to improve their health in every aspect through education and access to primary care. Our view of health is holistic, taking into account physical, social, and psychosocial wellbeing. Care will be sensitive to

their cultural differences and unique financial situation, working symbiotically with the colony leaders to develop a cohesive healthcare model specific to the Hutterites.

Principal Members

Jeremiah Watt: Provides healthcare provider and oversees business operations.

Legal Structure

LLC Limited Liability Company: A non-corporate business in which the owners actively participate in the organization's management and are protected against personal liability for the organization's debts and obligations. The limited liability company (LLC) is a hybrid legal entity that has both the characteristics of a corporation and of a partnership. An LLC provides its owners with corporate-like protection against personal liability. It is, however, usually treated as a non-corporate business organization for tax purposes.

Market Research

Industry

Primary healthcare providers and access to primary healthcare are becoming an increasing need in Montana’s rural communities. The vast majority of Montana is considered medically underserved in regards to primary care (PC) provider coverage. With the increasing void of primary care providers and access to primary care in Montana, many believe Nurse Practitioners will fill this void. According to the Center for Rural Affairs: “The decline in general practitioners means that physicians alone cannot meet the demands of caring for the rural population. Nurse practitioners are excellent

choices to provide patient-centered primary care and can help fill the health care void in rural areas." Hutterite Colony members suffer these same consequences for the shortage of PC providers.

Customers

The Hutterites are a communal group of individuals whose religion guides their culture and everyday living. They are primarily self-sufficient and rely heavily on agriculture and livestock for financial sustenance. Colony A is the newest colony in Montana, having been formed in 2009. Colony A is located in central Montana approximately 10 miles SW of Augusta Montana. The closet major city is Great Falls which is approximately 50 miles SE of Colony A. Subsequently, access to PC is cumbersome.

Competitors

There is little competition for East Slope Healthcare because there are no other known healthcare providers whose sole focus and mission is to serve the Hutterite population. The 86 members of Colony A see 18 different providers. These providers range from Primary Care Doctors, OBGYN, Nurse Practitioners, Physician Assistants, and ER providers, each of whom were stated to be their "primary care" providers. The wide array of the providers is evidence of the lack of primary care available to the colony members because of the current shortage noted in Montana's rural communities.

The majority of Montana is considered medically underserved in regards to PHC provider coverage (U.S. Department of Health and Human Services Administration, 2011). A phone survey of nine hundred twenty-two allopathic and osteopathic primary

care physicians was conducted June thru December 2007. The PHC providers were identified using the 2006-07 Montana Medical Association Physician Directory. The study found that Cascade County was in the most severe need of family practice.

Competitive Advantage

East Slop Healthcare will have an edge over its competitors for several reasons. The most obvious is that there are no other known healthcare providers or medical companies that have focused their attention solely on this unique population. As previously stated, there is already a drastic need for primary health care providers in rural areas Montana, and through personal investigation and interview of the colony members it was noted that the Colony A Hutterites suffer from the same lack of primary care providers.

The mission of this company is to provide patient focused care while being sensitive to the Hutterites culture. Being sensitive to the Hutterites cultural is a focus of the East Slope Healthcare and allows a better understanding of the influences that are specific to this culture.

The usage of onsite colony visits is unique to this company and also viewed as an advantage. It has already been noted that usage of primary care is increased when the availability of that provider is improved through colony visits. This increase is noted in the monthly healthcare review conducted by East Slope Healthcare.

Opposed to many medical providers whose focus is on illness and physical condition. East Slope Healthcare will have a holistic approach to healthcare; the physical, mental, and social wellbeing will be addressed during every patient interaction.

Patient privacy and maintaining a confidential relationship is a focus of East Slope Healthcare. Often times the Hutterites have little privacy because of the communal style of living, and providing patient privacy allows each individual Hutterite the freedom to communicate their healthcare needs.

Product/service Line

Product or Service

East Slope Healthcare will offer healthcare to all of the willing Hutterite colony members of Colony A with hopes of expansion to other Hutterite colonies. This care will be provided during colony visits. Care will include, but not be limited to: well visits, pediatric, adult, and geriatric primary care, Department of Transportation (DOT) physicals, walk-in complaints of low acuity, as well as all other services that are deemed appropriate by East Slope Healthcare for colony visits and that are covered under the APRN scope of practice. All other healthcare concerns that are not appropriate for management during colony visits will be referred to other healthcare providers or hospitals through referrals, with potential emergency medical transport provided by another entity.

Pricing Structure

Five months of Colony A's medical expenditures have been reviewed in close conjunction with the colony secretary. Following these reviews, general pricing guidelines were set and discussed with the Colony A secretary. One example is the primary care visit of an established patient of low complexity. The average cost for these

services is $178 for the providers that Colony A members currently visit. The secretary and I have agreed that the price of these types of interactions will be $150 if provided by East Slope Healthcare. The Colony A secretary has reviewed the current prices that have been developed and has communicated any concerns with East Slope Healthcare. These concerns were discussed and price adjustments were agreed upon by both East Slope Healthcare and Colony A secretary. Although this type of billing is dynamic and untraditional with alterations being made as concerns are encountered, thus far satisfaction has been expressed by colony members. There is transparency and mutual feeling of input by both sides regarding the fair cost of services provided.

Research & Development

East Slope Healthcare has been providing scheduled visits to Colony A since September 2012, providing primary care as well as reviewing Colony A's healthcare expenses. Time on the colony has resulted in a solid understanding of the average cost and usage of healthcare of the Colony A Hutterites. In our time on the colony, we have noted an increase in primary healthcare usage among the colony members, presumably because access to that care was improved by the scheduled colony visits. This knowledge along with the researched cost of our services has aided us in developing a basis for the prices of our services. The billing and business structure has been developed and modified throughout this experience, having been guided by the providers' experience as well as the input from the colony members. Summaries of these findings are provided in Appendices B through G.

Marketing and Sales

Growth Strategy

We anticipate success of this model of healthcare delivered to Colony A. It is East Slope Healthcare's hope to offer our services to other Hutterite Colonies in Central Montana. This type of growth potential has already been noted during the past 5 months with members of other colonies inquiring about our services. Currently 78% of Colony A members use East Slope Healthcare for their primary healthcare needs following only 5 months of colony visits. The participation of the colony members has increased with each month, and an expected 95% of all Colony A members are forecasted to utilize East Slope Healthcare's services by the end of 2013. With the bulk of the Colony A members already using our services, we have focused our marketing efforts on surrounding colonies within close proximity to both Colony A and Great Falls. Marketing visits to additional colonies include patient education, new patient evaluation, and communication with colony leaders on our intentions for the colony's healthcare future. These additional colony visits, as well as word of mouth, are the primary vehicles for our marketing strategies.

Communication

Communication with the Colony A will be done by telephone and personal on-site interaction. Although Colony A recently had wireless Internet installed, many of the members are not familiar with this technology. The appointment schedules are being handled by an onsite secretary who is a member of Colony A. For the past 4 months she has been responsible for communicating impending appointments to the East Slope

Healthcare team, as well as scheduling these appointments with the colony members. This allows a person onsite to communicate the needs of other colony members and also alert the healthcare providers to any changes to the upcoming week's schedule. Confidentiality issues have been addressed., and The healthcare secretary understands that appointment dates are confidential and she does not share this information with any other colony members.

Prospects

Marketing will be primarily through word of mouth between colonies. Visits to the other colonies will continue to be conducted, marketing our services. Meetings with the Hutterite Medical Board have already been conducted and interests in our services have been communicated when the company is running. We are currently providing PHC to members of four other nearby colonies and are also currently in discussion with colony leaders from five others. We have chosen these colonies because of their close geographic proximity to each other, cutting in travel costs.

APPENDIX B

EAST SLOPE HEALTHCARE THREE YEAR TAX PROJECTION

Year one total tax withholding projection $1,869.82

Gross pay $13,069.82

Federal withholding $476.98

Social Security $810.33

Medicare $189.51

Montana $393

Net pay $11,200

Year two total tax withholding projection $7,755.81

Gross pay $36,005.81

Federal withholding $3,263.37

Social Security $2,232.36

Medicare $522.08

Montana $1,738

Net pay $28,250

Year three total tax withholding projection $12,900.51

Gross pay $53,960.56

Federal withholding $5,956.58

Social Security $3,345.55

Medicare $782.43

Montana $2,816.00

Net Pay $41,060.00

APPENDIX C

EAST SLOPE DIRECT COST SUPPLIES

Variable supply cost: 1030.87 start-up total

ETOH pads: $2.84 total for 200 OR $0.01ea

Gauze (2x2 and 4x4): $3.92 total for 100 OR $0.04ea

Cleaning supplies surface Cavicide 24oz: $11 total with estimated 80 uses or $0.14 per use

Gloves: $5.49 total for 100 or $0.06ea

Otoscope covers in variable sizes: $7.32 total. $1.83 per 34 or $0.05ea

Temp probe covers: $72 total for 1000 covers OR $0.07ea

Injection needles: $38.97 total. $12.99 for box of 100 or $0.13ea. Will need size 18g,21g, 25g

Syringes: $79.13 total Will need: insulin, 3cc, 10cc, 20cc,

Per 100 box: insulin=$15.99, 3cc=$16.99, 10cc=$23.99, 20cc=$22.19

Per syringe: insulin $0.16ea, 3cc $0.17ea, 10cc $0.24ea, 20cc $0.22ea

Suture kits: $57.45 total for box of ten OR $5.74ea

Suture: $534.65 total for nylon and absorbable with multiple size thread and needle with each use being approximately $5.73 with a $1.34 variable cost.

Flurosine strips: $16.84 total for box 100 or $0.17ea

Lidocaine injectable (1% and 2%): $150 total for 2 boxes of 75 50ml containers. OR $2 per bottle

Blood draw equipment: $127.55 total

Needles (21g and 22g) 48 per box $18.50

Tubes: $99.80 Blue $22.50, Red $19.95, Green $39.50, Lavender $17.85 per 100

` or Blue $0.23ea, Red $0.20ea, green $0.40ea, lavender $0.18ea

Vacutainers: $24.50 for 250 OR $0.10ea

Tourniquet: $3.25 for 100 OR $0.03ea

Urine POC sticks: $21.57 total for 100 OR $0.22ea

Urine collection container:$29.20 total Dynarex 4oz sterile cup box of 25 OR `$0.29ea

Antibiotic ointment: $8.55 total for 75 .5gm packet or 11cents per packet

Coban: $9.20 total for 1 and 3 inch wide average $2.30 for 5 yards OR approximately $0.23 per use depending on length.

Kurlex: $5.19 total for 4.5inch wide at $1.73 per 4.7 yards OR approximately $0.22 per use depending on length.

Fixed cost supplies: 0. ($937.47 worth of equipment owned or assets)

Woods lamp: Own (replacement bulb $2.30 and replacement lamp $54.24)

Scale: Own (replacement scale $189.54)

BP cuff: Own (replacement cuff $28.54)

Stethoscope: Own (replacement $167.75)

Otoscope: Own (replacement bulb $7.95 and replacement otoscope $210.13)

Ophthalmic scope: Own (replacement bulb $7.95 and replacement head $87.34)

Thermometer: Own (replacement $246.42)

Snellen chart: own (replacement $7.75)

APPENDIX D

EAST SLOPE HEALTHCARE COST OF SERVICE

Direct cost

Fixed costs: Cost that will not increase with increased patient volume

Licensure $225 every two years

DEA number $300 every 3 years

Malpractice $590 a year for a $2 million per incident/$4 million aggregate occurrence policy

Supplies $937.47

Variable cost: Cost that will increase with increased patient volume

Medical supplies total start-up cost $1,030.87

Indirect cost

Variable cost: Cost that will increase with increase in patient volume

Travel expense: Year one $634, ear two $1,268, year three $1,901

$22 average round trip cost per colony visit

2.4 average round trips per single colony per month

Year one: $22 x 2.4=$52.8 per month x 12monthes=$634 per year for one colony

Year two: $22 x 4.8=$105.60 per month x12 months=$1,268 per year for two colonies

Year three: $22 x 7.2=$158.40 per month x 12 months=$1901 per year for three colonies

Office supplies: $500 per year

Accounting/legal: $3,600 per year

APPENDIX E

EAST SLOPE HEALTHCARE REIMBURSEMENT SUMMARY 10/12-2/13

Primary care statistics

4.8 primary care office visits per month

Average reimbursement for primary care visit $121.88

Average total monthly reimbursement of $585 for primary care visits

Walk-in statistics

1.8 walk-in visits per month.

Average reimbursement for walk-in visit $200

Average total monthly reimbursement of $360

Total reimbursement statistics

6.6 office visits per month

Average reimbursement per visit $160.94

Average total monthly reimbursement $1062.20

TABLE 1

FINANCIAL PROJECTIONS

	Year 1	**Year 2**	**Year 3**
Sales	$18,000	$36,000	$54,000
Costs/Goods Sold	$213	$213	$213
GROSS PROFIT	$17,787	$35,787	$53,787

OPERATING EXPENSES

Salary (Office & Overhead)	$0	$0	$0
Payroll (taxes, etc.)	$0	$0	$0
Outside Services	$3,600	$3,600	$3,6000
Supplies (office & operation)	$500	$500	$500
Repairs & Maintenance	$0	$0	$0
Advertising	$0	$0	$0
Car, delivery & travel	$634	$1,268	$1,901
Accounting & legal	$0	$0	$0
Rent	$0	$0	$0
Telephone	$40	$40	$40
Utilities	$0	$0	$0

	Year 1	Year 2	Year 3
Insurance	$590	$590	$590
Taxes (real estate, etc.)	$0	$0	$0
Interest	$0	$0	$0
Depreciation	$0	$0	$0
Other expenses	$0	$0	$0
TOTAL EXPENSES	$5,364	$5,998	$6,631

NET PROFIT BEFORE TAXES

Income Taxes	$1,870	$7,756	$12,901
NET PROFIT AFTER TAX	$14,153	$25,633	$37,855
Owner Draw/Dividends	$0	$0	$0
ADJUSTED TO RETAINED	$10,553	$17,877	$34,255

TABLE 2

CASH FLOW 8/13-8/16

	Pre-Startup EST	**Year 1**	**Year 2**	**Year 3**	**Total Item EST**
Cash on hand	$2,500	$777	$11,870	$45,265	$60,412
CASH RECEIPTS					
Cash Sales	$0	$	$36,006	$54,000	$103,076
Collections from CR Accounts	$0	$0	$0	$0	$0
Loan/Cash Injection	$0	$0	$0	$0	$0
TOTAL CASH RECEIPTS	$0	$13,070	$36,006	$54,000	$103,076
TOTAL CASH AVAILABLE	$2,500	$13,847	$47,876	$99,265	$163,488
CASH PAID OUT					
Purchases	$0	$0	$0	$0	$0
Outside Services	$0	$3,600	$3,600	$3,600	$10,800
Supplies	$80	$500	$500	$500	$1,580

Repairs & Maintenance	$0	$0	$0	$0	$0
Advertising	$0	$0	$0	$0	$0
Car, delivery & travel	$0	$634	$1,268	$1,901	$3,803
Telephone	$40	$40	$40	$40	$160
Utilities	$0	$0	$0	$0	$0
Insurance	$590	$590	$590	$590	$2,360
Interest	$0	$0	$0	$0	$0
Other expenses	$0	$0	$0	$0	$0
SUBTOTAL	$710	$5,364	$5,998	$6,631	$11,123
Capital purchase	$213	$213	$213	$213	$852
Other startup costs	$800	$0	$0	$0	$800
TOTAL CASH PAID OUT	$1,723	$1,977	$2,611	$3,244	$9,175
CASH POSITION	$777	$8,270	$38,065	$85,221	$131,556