“Oral health Infrastructure: Brick and Mortar Expansion”: Planning and Financing for Your Dental Expansion
Capital Link Overview

- Launched in 1995, nonprofit, HRSA national cooperative agreement partner
- Offices in MA, CA, CO, FL, MO, and WV
- **Over $1.2 billion** in financing for **234** capital projects (about 10% of current health center facility space)
- We help health centers:
  - **Plan for Sustainability and Growth** - Market assessments; new service line feasibility; scenario modeling; business planning and forecasts; understand costs of existing and new services; plan for collaborations, mergers and acquisitions.
  - **Access Capital** - Tools, resources, training; direct one-on-one assistance to leverage capital from a variety of sources
  - **Improve and Optimize Operations and Financial Management** - Provide analytics, tools and training in using comparative data to improve performance
  - **Articulate Value** - Assess value and impact of health centers on communities, the health system and the economy

Our CDFI affiliate provides direct loans and NMTC financing to health centers nationally
Which Works Best??

READY AIM FIRE

OR

READY FIRE AIM
Steps to a Successful Project

- **Strategic Planning**
  - Assessing market opportunity
  - Evaluating needs and priorities
- **Financial Strength**
- **Operational & Clinical Excellence**
- **Developing a Business Plan**
- **Identifying Financing Resources**
- **Project Planning Expertise**
What to Plan? How to Plan?

- Reference the Capital Link Strategic Planning Toolkit

- Know and define your market
- Complete a physical space assessment
- Know your financial and operational health
- Determine debt capacity
- Consider financial feasibility and sustainability
- Identify sources and types of financing
Your Strategic Plan should include a Market Assessment!

- Who are you currently serving and where are they located?
- What health needs do they face?
- Who else is serving “your” population?
- Who is not being served?
- Are there opportunities for you to:
  - Serve more patients
  - Serve new communities
  - Add new services
  - All of the above
- What are your growth priorities?
Your Strategic Plan should include a Capital Plan!

- **Physical Space Assessment**
  - Document age and physical condition of existing facilities
  - Are they sufficient to accommodate future growth in patients; services; new communities?
  - Attractive to current and future patients, providers and other staff?
  - Configured for productivity and team-based care?
  - Location?
  - Leased vs owned
  - Collaboration or co-location opportunities that require additional space?

- **Technology Assessment**
  - Status/age of current systems
  - Telehealth?
  - New technologies for patient care?
Capital Planning

• Consider:
  - Balance between maintaining existing infrastructure and growth
    • Prioritize
    • Consider phased approach
  - Financial capacity
    • Fundraising capacity?
    • Cash reserves?
    • Debt capacity?
  - Operational capacity
    • Adequate leadership?
    • Ability to recruit providers?

*Your strategic priorities must align with your financial and operational capacity!*
Capital Cost Estimating:
Back of the Envelope
### Capital Cost Estimating

- Get a rough idea of your capital costs very early in the planning process.
- Capital Link can provide rough benchmarks:
  - SF/provider
  - Hard cost / SF
- Remember:

<table>
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<tr>
<th>Category</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Hard Costs</td>
<td>70%</td>
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<tr>
<td>Soft Costs</td>
<td>15%</td>
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<tr>
<td>Equipment</td>
<td>15%</td>
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<tr>
<td>Total Building Cost</td>
<td>100%</td>
</tr>
<tr>
<td>+ Land/building acquisition</td>
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</table>

+ Land/building acquisition
Example

• Estimated Square Footage/Funding Needed to Treat New Patients — *HYPOTHETICAL*

• Using estimated square feet per provider as basis...1,500

• $4 \text{ FTE} \times 1,500 \text{ SF per} = 6,000 \text{ total SF}$

• Using estimated cost per square foot as basis...$300$

• $6,000 \text{ SF} \times $300/\text{SF} = \sim$1.8 million estimated cost
Total Estimated Cost

It’s not just the hard costs!

<table>
<thead>
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<th></th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hard Costs</td>
<td>$1,800,000</td>
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<tr>
<td>Soft Costs</td>
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<td>15%</td>
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<tr>
<td>Equipment</td>
<td>$386,000</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Total Building Cost</strong></td>
<td><strong>$2,572,000</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

+ Land/building acquisition
Financial Capacity

• Review historic debt capacity
  - Prior three years
    • Stable? Growing?

• Consider how a new project will change your debt capacity
  - Develop financial projections to verify sustainability
  - What are the key drivers of success?
Financing a Capital Project

What are your best options?
Key Ingredients for a Successful Capital Project

• Four key ingredients:
  - Expertise
  - Equity
  - Debt
  - Performance Monitoring
Expertise

• Internal Project Team

• External Consultants and Advisors
  - Architect / Engineer
  - Commercial Real Estate Broker
  - Project Manager
  - Financial Consultant
  - Contractor

• HRSA-Supported Resources
  - Capital Link!
Sources of Equity

- Health center cash reserves
- Grants: public and private
- Capital campaigns
- Partner contributions
  - Land contributions
  - Forgivable loans
- New Markets Tax Credits
Sources of Debt

• New Markets Tax Credits
• USDA
• Tax-exempt Bonds
• Community Development Financial Institutions (CDFIs)
• Banks
• Other:
  - Partners
  - Foundations
• Credit enhancement: HRSA Loan Guarantee Program
Factors to Consider in Evaluating Debt Options

• Loan terms
  - Interest rate
  - Term and amortization
  - Loan-to-value requirements
  - Collateral requirements
  - Covenants
  - Fees
  - Net benefit to the health center

• Relationships
  - Existing bank?
  - Active lender to health centers?
  - Knowledgeable and trust-worthy
  - Long-term partner
Once the Project is Underway ...

• Performance Monitoring:
  - Are we meeting our goals?
    • Is construction on track (time and $)?
    • Are we recruiting the staff we need?
    • Are we marketing our expanded capacity?
    • Are we meeting our patient and visit goals?
    • Are we meeting our financial goals?
Questions?
Contact Us

National organization with offices in: CA, CO, FL, MA, MO, WV

Leadership Team
• Allison Coleman, Chief Executive Officer, acoleman@caplink.org
• Susan Petrie, Chief Operating Officer, spetrie@caplink.org
• Jonathan Chapman, Chief Project Officer, jchapman@caplink.org

Primary Care Association and Partnership Services
• Mark Lurtz, Senior Director of Partnership Development, mlurtz@caplink.org

Metrics and Analytics
• Jennifer Saber, Director of Data and Information Systems, jsaber@caplink.org
Nampa, Idaho
Ernest Meshack-Hart, DDS
Dental Director
Health Center Dental Program
2018

- Nine sites
- 10,969 unduplicated users
  - 50% Uninsured, 40% Medicaid
- 47 Dental employees (Dr, RDHs, EFDAs)
Dental Clinic Expansion Description

- Nampa, Idaho
- Existing 2 story, Integrated clinic, plus portable equipment
- 5 new operatories
- Initially 2 providers, expanding to 4
- Open 5 days a week
- 988 patients/yr
Starting a Program

• Community Needs Assessment
  – “Start with the end in mind”

• Increase Access to Oral Health services

• Integrate services in our largest medical facility

• Working with local ALFs, ICFs on Outreach
  – Business Associate Agreements
Expansion Process

- Capital equipment funded through HRSA grant
- Work with your Team on planning, design and bids
  - Accounting, Facilities, Vendors, etc
  - “measure twice, cut once”
- 3-6 month timeline for expansion
  - Recruitment, credentialing
  - Permits, construction, etc
- Be conservative in your estimates!
Expansion Process

• What equipment to purchase?
  – Past/current user experience, preference
  – Space limitations
  – Tradeshows, reviews
  – Standardization across program/clinics

• Dental delivery units, chairs, sterilization, etc

• Change in scope with HRSA
  – Form 5
HIT

• GE Centricity, bridged to Open Dental and XDR
• Adequate IT Support
  – Programming, networking
  – Don’t forget to include all the hardware AND personnel in your budget
Clinical Protocols

• Comprehensive scope of dental services
• Corporate Quality committee
  – Dental protocols and practice guidelines
  – Quarterly peer and literature reviews
  – Clinical audits
Environment

• Strong support from clinical and administrative leadership
  – Community dental support

• Overall strong appreciation for the expansion
  – Patient surveys (pre/post)
Outcomes

• 30% increase in Dental patients
• 5% increase cross-utilization
  – 35% increase among OB patients
• UDS Sealant: 45% → 77%
  – Co-location/integration facilitates both operational and clinical effectiveness
Challenges

• Physical/workflow limitations from retrofit
  – Schedule modifications
  – Equipment choice

• Recruitment/Construction delays
  – Hire in advance

• Preserving your Culture through growth
  – Change fatigue is real
  – Invest in your people...take them to the NNOHA Conference!
Future

• OHI Funding 2019
  – Adding dental to our Marsing medical clinic (3 ops)

• What’s next?
  – More clinical sites
  – Service delivery model. Digital dentistry?
  – Value based Care
Project HOME

Philadelphia, PA
Janine Burkhardt, DMD, FAGD
Dental Director
Project HOME’s Dental Program

- **2015**: Stephen Klein Wellness Center opened
  - 3 employees
  - 1,094 unduplicated patients
  - 4 employees

- **2016**: 1,094 unduplicated patients
  - 4 employees

- **2017**: 1,765 unduplicated patients
  - 8 employees

- **2018**: Hub of Hope opened
  - 1,823 unduplicated patients
  - 9 employees

- **2019**: 12 employees
Dental Clinic Expansion at Stephen Klein Wellness Center

- Fixed clinic in Philadelphia, PA
- Clinical services offered 5 days / week
- Addition of 1 new operatory
- Growing full time dental staff
  - 2 Dentists, 1 Hygienist, 2 EFDAs, 2 DAs, 1 Front Desk
- Part-time clinicians looking to partner with Project HOME
  - Volunteer Dentist, Dental Students, Residents
Starting a Program

• A Growing Need
  • addition of another dentist, increasing # of new patients

• Room to Grow at SKWC
  • plumbing and electric for 9 operatories, 6 already equipped

• Partner Agencies
  • Einstein Health – Endodontic Program
    • Contract for services 2-3x/month by residents
  • Dental Students – inquiring about addition as outreach site
Funds Awarded from HRSA

Bids Acquired: Patterson, Henry Schein, Benco

Vendor Chosen

Invoice submitted to Accounting

10% Deposit Paid

Pro Forma invoice received
Check cut for remaining balance

Equipment Installed

Remaining Equipment Installed / Switched Out

IT Equipment Installed

Plumbing & Electric Hooked Up

Operatory In Use

Expansion Process
Expansion Process

A-dec equipment
Matched existing operatories

Endodontic services
No change in scope
Donations from outside partners
- Desktop computer
- EDR
- Phone for paging
- Installed by internal IT department
Clinical Protocols

• Services offered:
  • Preventive, Restorative, Removable Prosthodontics, Limited Fixed Prosthodontics, Extractions
  • Added endodontic services
  • Added dental students – basic phase 1 treatment

• Ensuring protocols are followed:
  • Onboarding & orientation for volunteer and part time providers
  • Students & Residents often work with a full time staff member while on site

NONE OF US ARE HOME UNTIL ALL OF US ARE HOME®
• Strong support for dental program expansion (when funding is available!)
• Our advocates: Medical Team & Case Managers
  • Patients & residents that need a place to seek dental care
  • Recent integration initiatives to encourage referrals
• Excitement from FQHC staff and Dental staff
Outcomes

• Over 50 free root canals
• Over 700 procedures performed by students
• Added 700+ patients with second dentist
• Encounters increased to 5,110 from 2,904 with addition of second dentist
Challenges

• Short-term rotations for students and residents
  • Difficult to orient to clinic for short time period
  • Challenging to orient to EDR
  • Dedicated team member for orientation upon arrival
  • Orientation sheets available

• Growing team and personality conflicts
  • Still a work in progress
  • Team building with games at meetings
  • Weekly huddle to share ideas for improvement
• Project HOME:
  • Build out 9th operatory
  • More dental students & hours
  • Additional hours at Hub of Hope
  • Mobile equipment for additional Project HOME sites / residencies

• Health Center Dental Programs:
  • Integration with medical teams
  • Teledentistry
  • Outreach through Head Start and School-Based dental programs
Questions?

• Join us for our second webinar of the OHI Webinar series: October 7 at 1pm MT on Mobile Dental Units

• Oral Health Infrastructure Toolkit: https://www.nnoha.org/ohi-toolkit/ohi-toolkit-background/
REGISTER NOW!

NNOHA Annual Conference

Caesars Palace
October 13-16
Contact Us!

Candace Owen, RDH, MS, MPH
NNOHA Education Director
candace@nnoha.org

Irene V. Hilton, DDS, MPH, FACD
NNOHA Dental Consultant
irene@nnoha.org

National Network for Oral Health Access
181 E 56th Avenue, Suite 401
Denver, CO 80216
Phone: (303) 957-0635
Fax: (866) 316-4995
info@nnoha.org
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