

# Case Study Business Plan

## Rural Health Network Development

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August, 2015



This is a publication of Rural Health Innovations, LLC (RHI), a subsidiary of the National Rural Health Resource Center. The Technical Assistance for Network Grantees Project is supported by Contract Number HSH250201400024C from the U.S. Department of Health and Human Services, Health Resources and Services Administration, Federal Office of Rural Health Policy.

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## Network Description

### **Mission and Values**

*"The mission of Rural Health Network (RHN) is to act as a convener and facilitator of change within the rural health care system in order to ultimately improve the health of our rural community. We will meet this mission through our values of collaboration, where we work as a team with health care and community organizations to provide services, honesty, where we strive to provide honest and informative services that support the quality of care, and integrity where we support those health care community organizations with professionalism and integrity", per the RHN website.*

### **Vision**

RHN is seeking population health in our community which is ranked at the top of the State's health outcomes.

### **History and Culture**

RHN formed in 2008 through a Rural Health Network Development grant award funded by the Federal Office of Rural Health Policy (FORHP), Health and Human Services Administration of the U.S. Department of Health and Human Services (HRSA). Through this grant, the focus and purpose of RHN is to improve the access, scope and viability of rural health care in the historically underserved populations within our rural communities. The business model of a rural health Network is applicable and coherent for successfully achieving the purpose of RHN.

The relationship building and problem solving culture of the organization is illustrated by its formation out of a community action agency in our rural community and its core values of collaboration, honesty and integrity. This culture can be seen in the effort and success that RHN has had in building relationships between health care organizations, individual health care practitioners, public health agencies, economic development and higher education institutions throughout the region.

The passion of improving overall health in our rural community drives RHN; supported and nurtured through a culture of collaboration and solutions.

### **Strategic Objectives**

In 2013, RHN completed a comprehensive strategic planning retreat with Network board members and community stakeholders. The result of this planning event included six strategic objectives to use as a guide for the

organization over the next 2-3 years for establishing initiatives that will move the Network toward its vision and mission.

RHN Strategic Objectives:

- Network Sustainability through Revenue Generating Services
- Provide Public Relations through Outreach and Education
- Encourage Membership Interaction
- Increase Board Engagement
- Promote Network Visibility
- Increase Provider Involvement

RHN embraces the concept of process improvement and organization effectiveness. The Balanced Scorecard methodology is used to manage progress toward its strategies and ultimately its vision.

### **Business Structure and Governance**

Rural Health Network will be a 501c3 organization by the end of 2014. RHN is made up of 6 organizations, as such, it operates exclusively for charitable and educational purposes. Three of the organizations, as well as founding members are rural hospitals, two are family medical centers who are designated as Federally Qualified Health Clinics (FQHC), and the sixth member is a community action agency.

- Hospital – Community Hospital
- Hospital – Community Hospital
- Hospital – Community Hospital
- Family Medical Center – FQHC
- Family Medical Center – FQHC
- Community Action Agency – Community Member

The Board of Directors (Board) consists of voting members and excludes RHN employees. Board members serve a term of three years without compensation and are elected into position by a majority of a quorum of the entire Board. The Board meets quarterly to manage the governance, mission, vision and strategies of RHN. An Executive Director reports to the Board and is responsible for managing the day to day operations and business of RHN including duties incident to the function of a chief executive office. The Executive Director shall not be an officer or director of the Board according to the RHN by-laws.

## Market Analysis and Plan

### **Rural Health Care Environment:**

On a national level, rural health care is undergoing a significant transition from a volume-based model to a value-based model. This transition requires the clinical, operational and financial operations within the health care organizations to focus on improving health in communities, providing better care, and reducing costs. Evidence of these changes to the delivery of care are seen in the creation of Accountable Care Organizations, founding members and Patient Centered Medical Homes, increased reporting of quality health outcome measures, and new outreach and education programs to proactively address chronic diseases and increase patient engagement.

The rural health care environment in the southeast region has significant population health and wellness challenges. They are in the lowest quartile ranking in regard to county health outcomes and health factors, as defined by *County Health Rankings and Roadmaps, 2013*. Health outcomes include mortality and morbidity measures of premature death, poor health, poor physical and mental health days, and low birth weight. Health factors included health behaviors, such as tobacco and alcohol use, limited access to care due to being uninsured, social and economic factors such as unemployment, poverty levels for children, violent crime rates and physical environment issues such as water quality issues, access to recreational facilities and fast food restaurants.

Additionally, one of the RHN member hospitals, Hospital 1, completed a Community Health Needs Assessment in March, 2013. Following are the health needs recommendations from the community identified in that report. In regard to the health data, county data and information report, and the community survey results, the top health concerns identified by community members were as follows:

- Availability of doctors and difficulty attracting new providers
- Potential hospital closing
- Physician privileges at hospital are important
- Confusion of hospital status and hospital services
- Hiring local employees and need to share services
- Uninsured population seeking emergency room services

These recommendations are both relevant and pertinent to all members of RHN, therefore are included in this section of the business plan to provide insights on the Network members and customers.

## **Rural Health Network Members and Customers:**

RHN membership is defined by signing a Memorandum of Agreement with the Network, paying annual dues, and participating in the governance of the Network as stated in the Network by-laws. For additional detail, see attached RHN governance by-laws, Appendix A. Current members of RHN, as of spring 2014, include the following health care organizations:

- Family Medical Center
- Family Medical Center
- Memorial Hospital
- Memorial Hospital
- Hospital

## **Member and Customer Needs Assessment:**

Identification and prioritizing of member and customer needs was completed using a Business Model Canvas Needs Assessment Structure. The needs and expectations of RHN members and customers are focused on improving the health outcomes of their patients, improving their own internal operational and clinical processes and reducing costs or saving money. Specific findings include:

- Improve efficiencies and effectiveness of HR Department
  - Reduce chance of litigation
  - Reduce costs
  - Reduce risk of privacy breach
  - Avoid stress for HR staff and supervisors
- Improve functionality of EHR platform
  - Reduce frustration of clinical providers and super-users using EHR
  - Reduce frustration of staff using technology
  - Increase staff productivity
  - Avoid hiring additional staff by increasing productivity
  - Avoid hiring additional operational or clinical staff
  - Save money
- Achieving goal of improved population behavioral health factors
  - Address community perception that local hospital's partners are unwilling to collaborate
  - Increased patient volume and satisfaction

## Value Proposition of Products and Services:

Product/Service	Meet Member Needs	Align w/ Organization Mission, Vision, Strategies
<b>Health care HR service</b>	<ul style="list-style-type: none"> <li>• Reduce change of litigation</li> <li>• Reduce costs of service or payroll</li> <li>• Improve efficiencies</li> <li>• Avoid stress for HR staff and supervisors</li> </ul>	<ul style="list-style-type: none"> <li>• <b>S:</b> Network sustainability with revenue stream</li> <li>• <b>V:</b> Seek population health</li> </ul>
<b>Health IT services and expertise</b>	<ul style="list-style-type: none"> <li>• Reduce risk of privacy breach</li> <li>• Reduce frustration of clinical providers and super-users of EHR</li> <li>• Reduce frustration of staff using technology</li> <li>• Avoid hiring additional operational or clinical staff</li> <li>• Improve functionality of clinical EHR platform</li> <li>• Save money on IT expertise rates</li> </ul>	<ul style="list-style-type: none"> <li>• <b>S:</b> Network sustainability with revenue stream</li> <li>• <b>V:</b> Seek population health</li> </ul>
<b>Consulting: Negotiation expertise with health care vendors</b>	<ul style="list-style-type: none"> <li>• Avoid hiring additional staff by increasing productivity with outsourcing skills</li> <li>• Saving money with better contract rates</li> </ul>	<ul style="list-style-type: none"> <li>• <b>M:</b> Act as a convener</li> <li>• <b>V:</b> Seek population health</li> </ul>
<b>Consulting: Health care public relations expertise for promoting members' value</b>	<ul style="list-style-type: none"> <li>• Increase patient volume</li> </ul>	<ul style="list-style-type: none"> <li>• <b>S:</b> Provide public relations</li> <li>• <b>S:</b> Promote network visibility</li> </ul>
<b>Consulting: Knowledge sharing and health care leadership development support</b>	<ul style="list-style-type: none"> <li>• Increase staff productivity and customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• <b>S:</b> Encourage membership interaction</li> <li>• <b>S:</b> Increase board engagement</li> <li>• <b>V:</b> Seek population health</li> <li>• <b>M:</b> Act as a convener</li> </ul>
<b>Consulting: Community coalition expertise for population health leadership</b>	<ul style="list-style-type: none"> <li>• Address community perception that local hospital's partners are unwilling to collaborate</li> <li>• Achieving goal of improved population behavioral health factors</li> </ul>	<ul style="list-style-type: none"> <li>• <b>S:</b> Increase provider involvement</li> <li>• <b>S:</b> Increase board engagement</li> <li>• <b>V:</b> Seek population health</li> <li>• <b>M:</b> Act as a convener</li> </ul>

RHN products and services are offered to members and customers at different rates. For the purpose of this segment of the business plan, products and services will be described without differentiating the category of membership or corresponding rate.

### **Promotion and Communication**

RHN contracted with an Advertising Company in July, 2013 to develop an integrated marketing and communication plan with the purpose of developing relationships and improving communication with customers. The following recommendations were proposed by the advertising company and will be used as a guide by RHN over the coming 6-12 months for developing relationships and improving communication:

1. Actively seek opportunities to engage with consumer audience groups even though initially they are slated as secondary audience members.
2. Seek out partnerships that expose the RHN brand to consumer audiences.
3. Consider a "special event" to introduce RHN to the general public.
4. Make Accountable Care Act (ACA) education fun through trivia games, promotions, crossword puzzles and other activities that engage and educate constituents. Incorporate giveaways (i.e. gift cards, etc.) to inspire participation.
5. Use social media campaigns to build consumer email marketing list.
6. Distribute ACA educational materials via newspaper inserts as well as through Public Relations and designated "distribution sites".
7. Actively survey consumer audience members to garner a better understanding of their needs, for example education / resources / technical assistance.
8. Actively reach out to current funding sources and prospective sources. This includes liking their Facebook pages and including them on email marketing correspondence.
9. Determine program focus for the next 24-36 months.
10. Identify opportunities that foster sustainability.

## Leadership and Operations Review

### **Leadership Team and Skills:**

Together, the Network Director and IT Manager are an effective leadership team because of their diverse knowledge and skill sets. They work well together in a culture of collaboration and customer focus. They hold weekly phone calls for leadership meetings and monthly planning meetings in preparation for RHN Board meetings.

The Network Director's leadership strengths include seeing the big picture for the organization within the community, region and state, articulating the successes of the Network and how each of the members can be part of the Network's future, and persistence in overcoming the challenges of collaboration. She understands rural culture, thinks like an entrepreneur and has experience with marketing and communication. She can think on her feet and keep the vision in view through the transition of health care toward a value-based health care model. She has been successful with the start-up of RHN over the past three years and welcomes the challenge as the Network shifts its governance and business structure from a fully grant-funded organization to a sustained 501c3 rural health Network.

Leadership within the IT Service of RHN has been focused on the customer. The IT Manager has a deep knowledge of IT and the ability to resolve complex issues as they arise. Over the past two years, he has worked with a small team of IT staff to troubleshoot a broad array of technology issues, such as workstation hardware and software, broadband, wireless networks, and server maintenance. Additionally, the IT Manager's knowledge of the electronic health record (EHR) platform, eClinicalWorks, and acts as a liaison between the customer and vender support system. When working with his customers, the combination of his calm demeanor and his deep knowledge provide the ability to explain technical issues in a way that the customer feels comfortable, therefore bridging the gap between IT and the user.

### **Key Activities**

RHN has been working toward becoming its own non-profit organization. The Network Director has worked with the Board to write and approve RHN governance by-laws, agrees on membership tiers and a dues structure, and filed for 501c3 status. RHN has also set pricing for members and non-members and has begun offering a new HR service in the past year.

RHN is increasingly focused on its customer's needs and promoting the Network's services including community outreach and wellness education.

The new marketing materials and recently launched website will continue to be utilized for effective communication, promotion and outreach. New potential members for the Network have been identified along with strategic partners that will complement the work of the Network and strengthen its outreach efforts in the community.

### **Key Resources and Infrastructure:**

The Network Director and IT Manager are focused on specific Network efforts and strategies and are effectively allocated. The Network Director is allocated 50% to managing the Network and 50% to consulting services. Although her time, abilities, knowledge and energy are split between operations and consulting, she utilizes contracted expertise and technology that allows her to effectively manage diverse work. For example, the HR Service is provided through a contractual relationship with the Human Resources Compliance System and the newsletter and marketing materials were developed by a respected marketing organization/advertising company.

The IT Manager is allocated 100% to IT Services. His time, abilities, knowledge and energy are focused on providing excellent service to his customers so that they are successful at effectively utilizing their technology to further their work. IT Services utilizes a customer relationship management tool to track issues and provide timely service. These tools provide a means for bi-directional communication with customers and vendor support services. Additionally, he leverages the eClinicalWorks help desk to support his customer's health information technology issues and questions.

### **Key Partners**

The Community Action Agency, Family Medical and Hospital are members and also key partners. They have provided significant in-kind support to the Network in the form of grant writing assistance, office space and supplies.

The Network Director uses her proactive relationship building and passionate approach for building community and finding partners that can provide needed support and services to her members. For example, she has a seat on the State HIE Board as the only rural voice in the region. Other key partners of RHN include the State Office of Rural Health and the Regional Extension Center.

## **Evaluation Dashboard:**

NOTE: This is a component of the Strategic Plan. At the time of publishing this tool, they have not completed this dashboard for their new Strategic Plan. Resource for this section include the [Sample Strategic Plans](#) (pages 25–27). Or contact us at RHI; [NetworkTA@RuralCenter.org](mailto:NetworkTA@RuralCenter.org)

## Financial Outlook

### **Estimated Operations Cost**

RHN has benefitted since 2012, financial performance year-1, as a recipient of the Health and Human Services Administration of the U.S. Department of Health and Human Services (HRSA) Federal Office of Rural Health Policy (FORHP) grant program, The Rural Health Information Technology Network Development (RHITND). In this grant, the Network received \$300K per year in federal fiscal year 2012, 2013, and 2014, years 1-3, to spend on Network start-up and development as well as providing a means for their member organizations to meet Meaningful Use criteria through IT staffing, hardware, software, marketing, training and subscription fees to the state's health information exchange. The effort this took required infrastructure and resources of approximately \$300k per year. In 2014, year-4, RHN is planning to transition its governance from a project of the primary grant fiduciary agent, to a stand-alone 501c3 non-profit organization that benefits and supports the success of its member organizations to improve health care in the region.

The operating expenses will be reduced at the end of the grant funding cycle in September, 2014 to approximately \$170k with the reduction of information technology staff time, reduction in time spent managing the grant, the ending of software and hardware purchasing, and subsidy of the HIT subscription fee. However, current services; HR service, IT service and Executive Director consulting will continue to be available to members following the conclusion of the grant funding period.

### **Projected Revenues**

The projected Network revenue and cost for 2014 and 2015, years 4 and 5 from the start of the RHITND grant, is provided in Table 1 below. The Network is projected to have a positive net income of over \$10k in both years showing a sustained financial viability. The assumptions include a 100% member participation rate in the HR Service in year-4, growth to non-member organizations in year-5, a 100% member participation rate in IT Service and a 50% member participation rate in the Executive Director Consulting service.

**Table 1: Projected Revenue and Cost by Product and Services**

SERVICE	Year-4 Forecast: 2014-2015			Year-5 Forecast: 2015-2016		
	Revenue	Cost	Net	Revenue	Cost	Net
HR service	\$9,000	\$8,873	\$2,527	\$12,720	\$8,873	\$3,847
IT service	\$124,661	\$90,033	\$34,628	\$124,661	\$90,033	\$34,628
Exec. Director consulting	\$37,507	\$72,236	-\$34,729	\$37,507	\$72,236	-\$34,729
Grant funding	\$0	\$0	\$0	\$0	\$0	\$0
Membership dues	\$7,750		\$7,750	\$7,750		\$7,750
<b>TOTAL \$</b>	<b>\$181,319</b>	<b>\$171,142</b>	<b>\$10,176</b>	<b>\$180,239</b>	<b>\$171,142</b>	<b>\$11,496</b>

## Membership Dues Structure:

RHN will begin collecting membership dues in 2014. The membership dues structure is provided in Table 2 below, with a current income of \$7,750 per year. In this projection there is no assumption of membership growth.

**Table 2: Membership Dues Structure**

Member		Individual	Community Member	Private Practice	Business Partner	Network Member	Frequency of Payment
Hospital 1	1					\$1,500	Annual
Hospital 2	1					\$1,500	Annual
Hospital 3	1					\$1,500	Annual
Family Medical Center 1	1					\$1,500	Annual
Family Medical Center 2	1					\$1,500	Annual
Community Action Agency	1		\$250				Annual
<b>Member COUNT</b>	<b>6</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>5</b>	
<b>Total Annual Membership Dues Income</b>		<b>\$0</b>	<b>\$250</b>			<b>\$7,500</b>	<b>\$7,750</b>
<b>Pricing tiers based on type of organization</b>		<b>\$100</b>	<b>\$250</b>	<b>1-3: \$500, 4+: \$1000</b>	<b>\$1500</b>	<b>\$1500</b>	