



JHD GROUP

HEALTHCARE KNOWLEDGE. APPLIED.

Smart Client Series

*Physician Group
Annual Business Plan
January, Current Year*

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Main Messages

Main Messages

The main messages are:

- ◆ Previous Year was a difficult year with disappointing results
- ◆ However, the necessary foundation (Management, Systems, Structure, and Strategy) has largely been successfully put in place
- ◆ The Budget and Operating Plan gets Smart Client to a “Run Rate Breakeven” point within 12 months
- ◆ The major risks include our ability to realize the \$4+ million in Incentive Bonuses and the \$6+ million Out-of-Office Physician Purchase reductions
- ◆ The management team believes that this Budget and Operating plan can be achieved



Enterprise Vision

Enterprise Vision

Our goal is to build Smart Client into a multi-specialty, high clinical quality – high patient service – high practice satisfaction medical group. The group must be able to:

- ◆ Attract and retain new patients
- ◆ Operate at market competitive reimbursement and capitation
- ◆ Provide a rewarding and satisfying work environment for the physicians and staff

Enterprise Vision

The key elements of our strategy include:

- ◆ Significantly improving the effectiveness and cost efficiency of operations by developing a patient centric care model which includes patient flow management, staff and physician utilization, operational controls, the “Care Team Model”, and patient service.
- ◆ Developing Smart Client by expanding the scope of clinical services; improved access, integrating quality and outcomes initiatives; improving facility location, appearance and design; branding the Offices and increasing market outreach to prospective patients; and other activities which will lead to Smart Client being:
 - The leading Medical Office in its chosen market(s) as judged by clinical quality and patient service.
 - A rewarding and satisfying place for physicians and staff to work.
 - Financially strong in terms of balance sheet and profitability.
- ◆ Working with the participating physicians toward creating a quality and service oriented culture, linking performance and financial rewards, and developing their ability to own and govern the Group.



Previous Year Results

Previous Year Results

The Previous Year results were mixed:

- ◆ There were a number of disappointments mostly around:
 - The size of the Location A loss (\$5.5 million actual versus a \$900,000 budget).
 - The extent to which dysfunctional practices and processes are ingrained in the organization.
 - The Call Center and our ability to fix process problems.

Previous Year Results

On the “upside”.....

- ◆ New systems have been implemented:
 - The EMR Vendor System is now Smart Client wide
 - The Call Center (although still struggling) is in and has limited nurse triage and “Access Management” capability
 - The Accounting and Reporting System
- ◆ Twelve new physicians have been recruited to address
 - Access issues (i.e. Location B, Location C, Location D)
 - Leaders Payor at sites and with services (i.e. Location A, Pediatrics)
 - Redirecting referrals internally (i.e. Podiatry, P/T)
- ◆ A number of new management staff have been recruited including:
 - Five new Site Administrators are in place
 - A Chief Financial Officer (CFO)
 - A Chief Medical Officer (CME, MD)
 - A LHCMG/Pediatrics Medical Director (MedDir, MD)
 - A Controller and a Director of Budget and (Planning Controller and Director)
 - Chief Information Technology Officer (CTO)
 - Marketing Coordinator
- ◆ Billing and Collection was centralized into a single office
- ◆ New Physician Contract has been implemented which is crafted around
 - Competitive base salaries
 - Productivity based compensation as measured by RVUs
 - Performance incentives related to the clinical enterprise success factors

Previous Year Results

On the “upside”.....

- ◆ A number of clinical services have/are being upgraded:
 - OB/GYN
 - GI
 - Podiatry
 - Dermatology
 - Ophthalmology
 - Cardiology
- ◆ A new Financial and Operational Reporting capability is in place
 - The Current Year Budget Package
 - Physician – Office – Service – Enterprise Financial Reporting
 - Physician productivity – utilization
 - Referral Management
- ◆ Initial Extended Hours have been implemented
- ◆ The staff was “Right Sized” to benchmark standards
- ◆ The Other Group – Smart Client merger will be completed this month.
- ◆ A number of cost saving actions have been implemented:
 - Radiology has been outsourced saving Smart Client \$1 million
 - The Drug vendors for Chemo have been replaced saving \$400,000 annually
- ◆ Marketing at multiple levels is underway and is generating approximately 500 new patients new patients a month around:
 - Extended Hours
 - Underutilized physicians
 - Specialty service lines including Pediatrics and OB/GYN
 - Relations Payors with neighborhood businesses

Previous Year Results

We missed the Previous Year budget by \$4.1 million, mostly due to Location A.

Group Specific Data Deleted

Previous Year Results

The remaining challenges include....

1. The “Payor Centers”/Clinic image frustrate the ability to attract new members
2. The process “bottlenecks” are hampering increased utilization, access, and patient satisfaction
3. The provider culture still clings to the “Staff Model”
4. Of the approximately 400 people in Smart Client, over 50% need major changes in their perspective/attitude
5. Most of the physical facilities are “worn” and inefficient, hampering movement to higher levels of patient service
6. Binding and unfavorable MD Contracts remain on the “North Side”
7. The referral process is ingrained in the staff, physicians, patients, and rendering physicians
8. The amount of work required is creating a “pig in the snake” syndrome...it is a lot to digest



Current Year Objectives and Plan

Current Year Objectives

The objectives for Current Year are:

- ◆ Get the processes and supporting infrastructure working as a single clinical enterprise toward:
 - Improving access
 - Increasing the effectiveness of Medical Management
 - Improving the patient experience
- ◆ Substantially expand “Specialty Clinical Services”:
 - Cardiology
 - Dermatology
 - Surgery sub-specialties
 - Ophthalmology
 - Gastroenterology
 - PT/OT
- ◆ Substantially expand the patient base by at least 7,000 net new patients
- ◆ Pursue a financial strategy which:
 - Moves Smart Client into profitability in Next Year
 - Prioritizes projects and investment into the highest ROI cash and “Value Creation” actions
 - Is consistent with Smart Client developing as a financially strong and independent clinical enterprise

Current Year Plan Overview

The major initiatives include:

- ◆ Build a Medical Management Function including :
 - Utilization management
 - ER control
 - Admissions management
 - Referral management
 - Physician productivity
 - Access planning and control
 - Quality Management
 - HEDIS compliance
 - Clinical Risk Management
 - HCC/Medicare Advantage
 - Patient Triage
- ◆ Invest in high return programs/facilities such as:
 - Endo Center
 - P/T
 - Ophthalmology
- ◆ Need to make the Extended Hours program work
- ◆ Develop a “Hospital Partners Payor”

Current Year Plan Overview

The major initiatives (Cont'd)...

- ◆ Upgrade and tighten key supporting processes
 - Tighten the Revenue Cycle Process
 - Strengthen the Referral Management Process
 - Implement a common Care Management process
 - Develop Scheduling/Demand Management
 - EMR Vendor development and integration
- ◆ Developing a reporting infrastructure to include
 - Access
 - Clinical Utilization
 - Quality
 - Revenue Cycle
 - Patient Development
 - Process flow management
 - Patient Satisfaction
 - Financial Reporting
- ◆ Increase effort and coordination in marketing
 - Marketing to targeted audiences
 - Outreach to business and local Communities
 - Patient outreach through the Call Center
 - Member exit interviews
 - New Patient interviews
 - Marketing to Payors
 - Signage improvement

Current Year Plan Overview

The major initiatives (Cont'd)...

- ◆ Develop the Bonus/Incentive structure
- ◆ Complete staffing/Develop Staff
 - Line Leaders recruiting
 - Customer service training
 - Leaders training
 - Physician Development
- ◆ Develop the facilities
 - Common "Look & Feel"
 - Replace facilities
- ◆ Communications

Current Year Budget

Current Year Budget

Smart Client utilized a structured budget development process to engage the Medical Director's and Site Administrators at each site.

- ◆ Finance drafted preliminary budgets and reviewed the opportunities and challenges for each site during the first two weeks in November.
- ◆ Each site was given a targeted net margin and given one month to review the financial schedules and other materials and establish a budget that achieved the target.
- ◆ The first two weeks in December were utilized to follow-up on the initial discussions and establish a final budget.
- ◆ Although each site had it's own specific challenges and opportunities there was a set of over-riding goals that were established.

Current Year Budget

The key assumptions included in the budget are:

- ◆ Break-even on a “Run Rate” basis by October Current Year (without Payor Cash Floor)
- ◆ Included \$4.6 million on “Wiggle Room”
 - A \$2.6million contingency fund
 - A \$2.0 million bonus fund
- ◆ Capitation revenue based on a 4% reduction in Payor enrollment
- ◆ FFS revenue developed to increase productivity to above median levels
- ◆ Incentive revenue of \$4.3 million (38% of possible) including:

– HEDIS	\$ 630,000
– Patient Access	\$2,000,000
– HCC Coding	\$ 742,809
– Patient Satisfaction	\$ 500,000
– Hospital Admits	\$ 380,000
– ER Visits	\$ 59,928
- ◆ Current Year Out of Group claims were reviewed by site by specialty to reduce the out of group expense by \$6+ million.
- ◆ Oncology drug savings included in the Current Year budget.
- ◆ Conversion of sub-cap contracts to FFS to save \$1,000,000 per year.

Current Year Budget

Group Specific Data Deleted

The Operating Plan

Develop Specialty Services

Our goals in developing the specialty services are:

- ◆ Improve our ability to offer “One Stop” clinical service
- ◆ Reduce Out-of-Office-Physician Expense
- ◆ Standardize the use of and support from external rendering physicians
- ◆ Streamline the specialty interface
- ◆ Grow continuity and co-ordination of care

Develop Specialty Services

Required Action are:

- ◆ Develop the specialty facilities:
 - Endo Center: 2nd Quarter
 - Outsourced Cardiology Diagnostic support: 2nd Quarter
 - PT/OT Center: 3rd Quarter
 - Internal Cardiology Diagnostic Center: EOY Plus
- ◆ Complete the recruiting of additional specialists:
 - Cardiology: 2nd Quarter
 - Dermatology: 1st Quarter
 - Surgery sub-specialties: TBD
 - Ophthalmology: 1st Quarter
 - Gastroenterology: 2nd Quarter
- ◆ Expand Extended Hours/Urgent Care: Ongoing
 - Improve Location A effectiveness
 - Reassess Location B/Location C
 - Expand Location D

Develop Medical Management

Our goals in developing the a Medical Management capability are to:

- ◆ Increase the focus on clinical utilization and quality management
- ◆ Increase clinical management training
- ◆ Provide a centralized “Velvet Hammer” to increase compliance

Develop Medical Management

Required Action are:

- ◆ Increase the reporting effectiveness/accountability of Clinical Performance Data: 1st Quarter
 - HEDIS
 - Referrals
 - ER Visits
 - Hospitalizations
 - Access
- ◆ Improve HEDIS processes and training: 1st Quarter
- ◆ Increase patient Outreach: 1st Quarter
 - HEDIS
 - ER Visits
 - New Patients
- ◆ Increase controls over use of external rendering physicians: 1st Quarter
- ◆ Build a Medical management Department: 2nd Quarter
 - Utilization management
 - ER control
 - Admissions management
 - Referral management
 - Physician productivity
 - Access planning and control
 - Quality Management
 - HEDIS compliance
 - Clinical Risk Management
 - HCC/Medicare Advantage
 - Patient Triage
- ◆ Negotiate 1 – 2 comprehensive hospital partners 2nd – 3rd Quarter

Physician Development

Our goals in physician development are:

- ◆ Increase physician demand/capacity management
- ◆ Train physician leaders
- ◆ Develop a physician led governance process

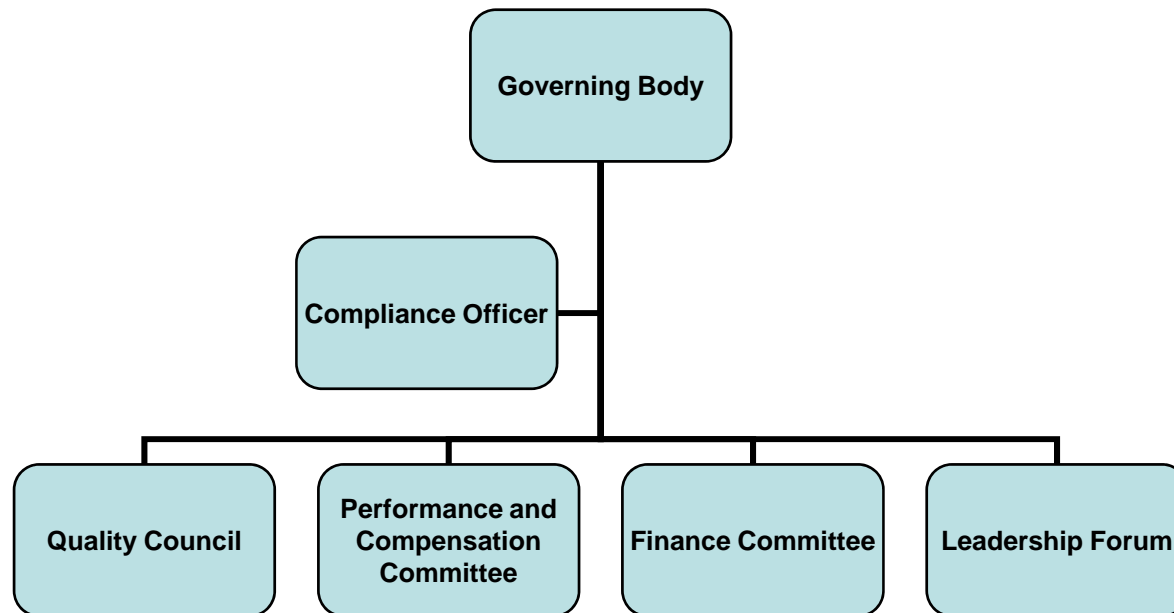
Physician Development

Required Action are:

- ◆ Develop centralized processes to recruit/assign physicians based on site specific demand: 2nd Quarter
- ◆ Expose our physicians leaders to successful groups models: Ongoing
- ◆ Continue to develop the governance process toward physician owners Payor: Ongoing

Physician Development

In the Previous Year, a governance process was put into place which includes



Physician Development

- ◆ The purpose of the **Governing Body** is to:
 - Provide governance leaders for Smart Client
 - Review and decide on information and recommendations from the Quality Council, Performance and Compensation Committee, Leaders Payor Forum and Finance Committee
 - Identify new business opportunities
 - Approve and provide oversight to the corporation's financial activities
- ◆ Members Payor:
 - A
 - B
 - C

Physician Development

- ◆ The purpose of the **Performance and Compensation Committee** is to:
 - Track and manage all Group referrals by practitioner, type and volume
 - Monitor and create goals for productivity by practitioner
 - Identify utilization patterns by practitioner, establish benchmarks and track outcomes
 - Establish base line salaries by specialty and manage incentive goals
- ◆ Members Payor:
 - A
 - B
 - C

Physician Development

- ◆ The purpose of the **Quality Council** is to:
 - Create, implement and monitor best practice guidelines including HEDIS and access goals
 - Develop and implement a peer review process for practitioner behavioral and disciplinary issues, patient complaints, patient satisfaction, and care outcomes
 - Provide continuous quality improvement including patient flow and practice efficiency, risk management and malpractice
- ◆ Members Payor:
 - A
 - B
 - C

Physician Development

- ◆ The purpose of the **Finance Committee** is to review and monitor all budgets, audits and business plans for the corporation .
- ◆ Members Payor:
 - A
 - B
 - C

Physician Development

- ◆ The purpose of the **Leaders Payor Forum** is to assure that operational performance benchmarks for the Care Model are achieved
- ◆ Members Payor:
 - Site administrators:
 - Site medical directors
 - CME, MD (Ex Officio)
 - JHD Group (Ex Officio)
 - CFO (Ex Officio)

Marketing Plan

Marketing has some disadvantages to overcome...

- ◆ Local community is unaware of our “product”
- ◆ Local community has a negative “clinic” perception
- ◆ Poor appearance of facilities will only facilitate harmful reputation
- ◆ Local is a picky and superficial market

However, our advantage is...

- ◆ Our team, from physicians to site administrators, are ready and willing to market to the Local community

Marketing Plan

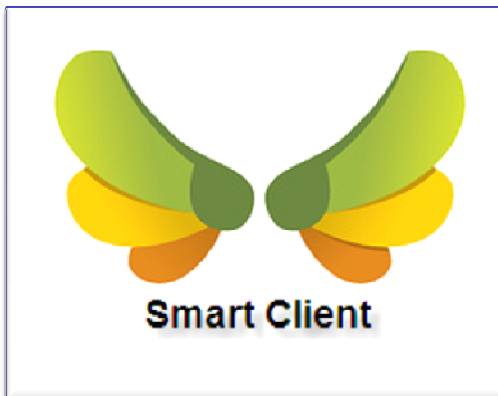
Tactical marketing to the neighborhoods around the offices that have capacity and are “ready”:

- ◆ Provide Smart Client and individual offices with marketing tools
 - Site-specific marketing materials,
 - Promotional products
 - Improved signage.
- ◆ Outreach to neighborhoods and communities
 - Each office is at a different stage of development and the marketing outreach will be executed on a site-specific basis.
 - Develop detailed and distinctive office tactics, which will focus on the “Core Patient Population” for that office/neighborhood.
 - Develop relations Payors with local business, schools, churches, apartment buildings, etc.
- ◆ Promote Smart Client, offices, doctors, and specialties through focused campaigns.
 - Focused initiatives announcing recent developments, such as new doctors, specialties, services.
 - Focused initiatives announcing improvements, such as new phones, etc.
 - Pursue targeted audiences.
- ◆ Analyze/understand patients at Smart Client
 - Communicate with patients through the Call Center re: exit interviews.
 - Communicate with patients through the Call Center re: new patient interviews.
 - Capture new patient data.

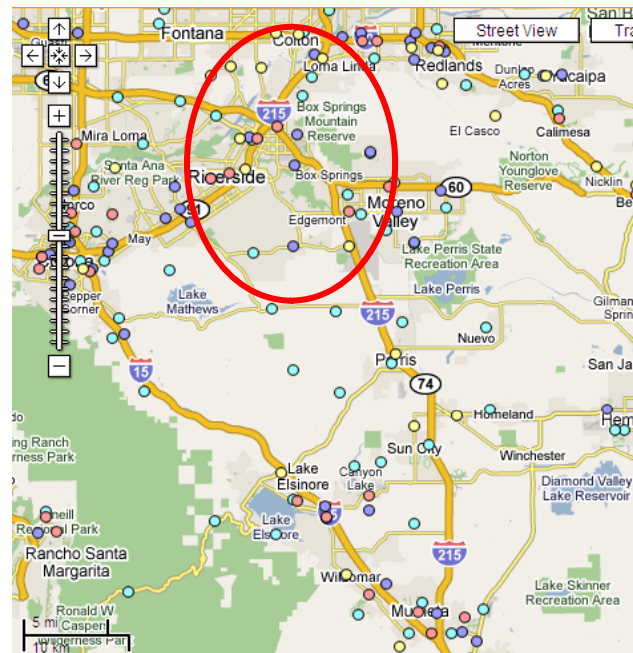
Marketing Plan

The key themes continue to be:

- ◆ Neighborhood doctors who care
- ◆ One-stop healthcare
- ◆ Complete, coordinated care
- ◆ Exceptional Clinical Quality, Extraordinary Patient Service, Superior Practice Satisfaction
- ◆ Close to home and close to work



Smart Client Market Position (Illustrative)





Process Integration Improvement

Process Integration

Our goals in improving processes and process integration are:

- ◆ Force the untangling of historic practices toward common and supportable practices
- ◆ Integrate the recently implemented technologies (EMR Vendor, Call Center) into the key processes
- ◆ Creating consistent standards and patterns for our workflows to improve the efficiency of the operation and the patient experience

Process Integration

Required Action are:

- ◆ Strengthen and streamline the key processes: 3rd Quarter
 - Revenue Cycle
 - Scheduling
 - Referral Management
 - Patient flow management
 - Care Team Model delivery
 - Call Center
- ◆ Adopting new call center tools to track and communicate daily changes and anomalies in MD schedules: 2nd Quarter
- ◆ Continued advances in feedback mechanisms from the physicians and medical offices to enhance data collection and communication at the call center: Ongoing
- ◆ User-driven prioritization of EMR Vendor development resources: Ongoing
- ◆ Individual retraining of physicians on EMR Vendor to reduce “clicks”, improve coding, and increase the range of routinely captured/recorded data (e.g., time in exam room): 2nd Quarter

Technology/Infrastructure Development

The technology focus for Current Year is moving EMR Vendor from implementation to support, process improvement, and enabling communication

- ◆ The EMR Vendor Implementation will be fully complete in 3 months in order to take advantage of version upgrades.
 - EMR Vendor Version upgrade which is more flexible, improve reporting, and enhanced diagnosis code search
 - Template upgrade provides enhanced functionality and ease of use for physicians
- ◆ EMR Vendor enhancement committee members identified
 - Panel of physicians to guide enhancements and prioritization of the EMR Vendor application
 - Physician buy in for changes
 - Have our physicians play an active role in making EMR Vendor work better
- ◆ Supplemental technologies will be introduced and EMR Vendor will be refined to improve process effectiveness
- ◆ The communications infrastructure is being enhanced with Smart Client wide e-mail and an Intranet
 - E-mail to be the primary means for communication
 - The Intranet will be a secondary source of communications and a repository for historical information, contacts, scheduling, and training

Data/Report Development

A structured Reporting Model is being developed around the framework below

1) Financial Performance		
	Revenues	
	Expenses	
	Cash flow	
	Accounts Receivable	
	Accounts Payable	
2) Resource Utilization		
	Physican Productivity	
	Mid Level Productivity	
	Staff Productivity	
	Panel Size	
	Supply & Drugs	
	Space Utilization	
	OOPP	
3) Patient Service		
	Call Center	
	Access	
	Patient Satisfaction results	
	Patient Exist Surveys	
	Complaints	
	Same Day Referral	
4) Operating Performance		
	Revenue Cycle	
	Schedule Management	
	Credentialing	

5) Managed Care Contracting		
	Reimbursement Rate	
6) Medical Management		
	HEDIS	
	Malpractice Claims	
	ER Visits	
	Hospital Admissions/In-patient days	
	Compliance	
	Risk Management	
7) Workforce Management		
	Turnover Rate	
	Employee Satisfaction	
	Disciplinaries	
	Termination Rate	
8) Market Development		
	New Patients	
	New Patient Retention	
	Panel Changes	
	Market Share	

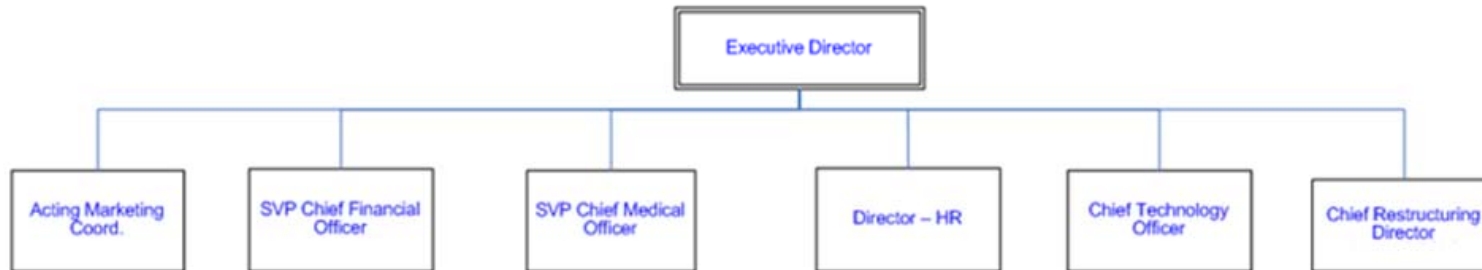
- ◆ This framework will be populated with reports over time around the following priorities:
 - Operational Control
 - Clinical Management
 - Customer Management
 - Enterprise Management

Human Resources

The Human resources initiatives are focused on labor contracts and organizational development

- ◆ Contract negotiations with Local XYZ are currently underway: February Current Year
- ◆ Contract negotiations with Labor Group, focusing on integration of the two currently existing labor contracts into a surviving document, will commence late in the Second quarter: 4th quarter.
- ◆ Implementation of identified Incentives and Bonus Structure: 2nd Quarter
- ◆ Train the Trainer Physician Leaders Payor in conjunction with AMGA (American Medical Group Assoc.) and ACHE (American College Healthcare Executives): Ongoing

Smart Client Group Organization



- Responsibilities
1. Collateral Materials
 2. Market Outreach
 3. Marketing Strategy

- Responsibilities
1. Finance/Accounting
Budget/Projections
Management Reporting
 2. Billing/Collection
 3. Managed Care Contracting
 4. Credentialing
 5. Risk Management/
Malpractice
 6. Information Administration
 7. Treasury
 8. Law Firm Liaison
 9. Data Management & Analysis
 10. Payroll

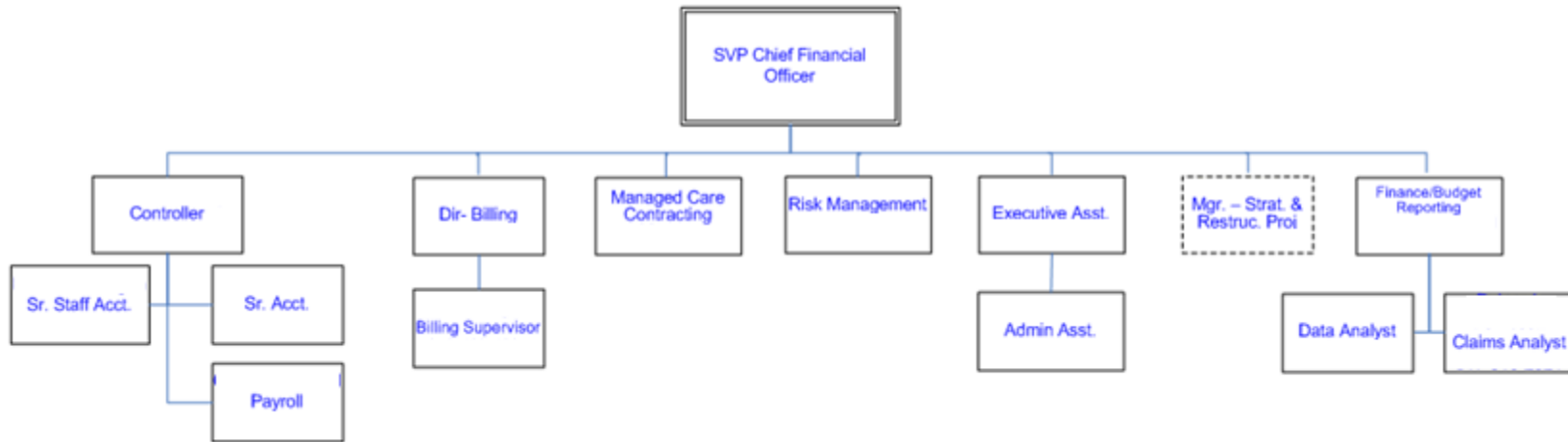
- Responsibilities
1. Medical Office Operations
 2. Clinical Delivery
 3. Facilities Management
 4. Physician Governance
 5. Physician Recruiting/
Contracting/Compensation
 6. Access Management
 7. Medical Management

- Responsibilities
1. HR Policies & Compliance
 2. Performance Reviews
 3. Recruiting
 4. Customer Service Training
 5. Workers Compensation
 6. Benefits Administration
 7. Conflict Resolution
 8. 401(k) Plan Administration

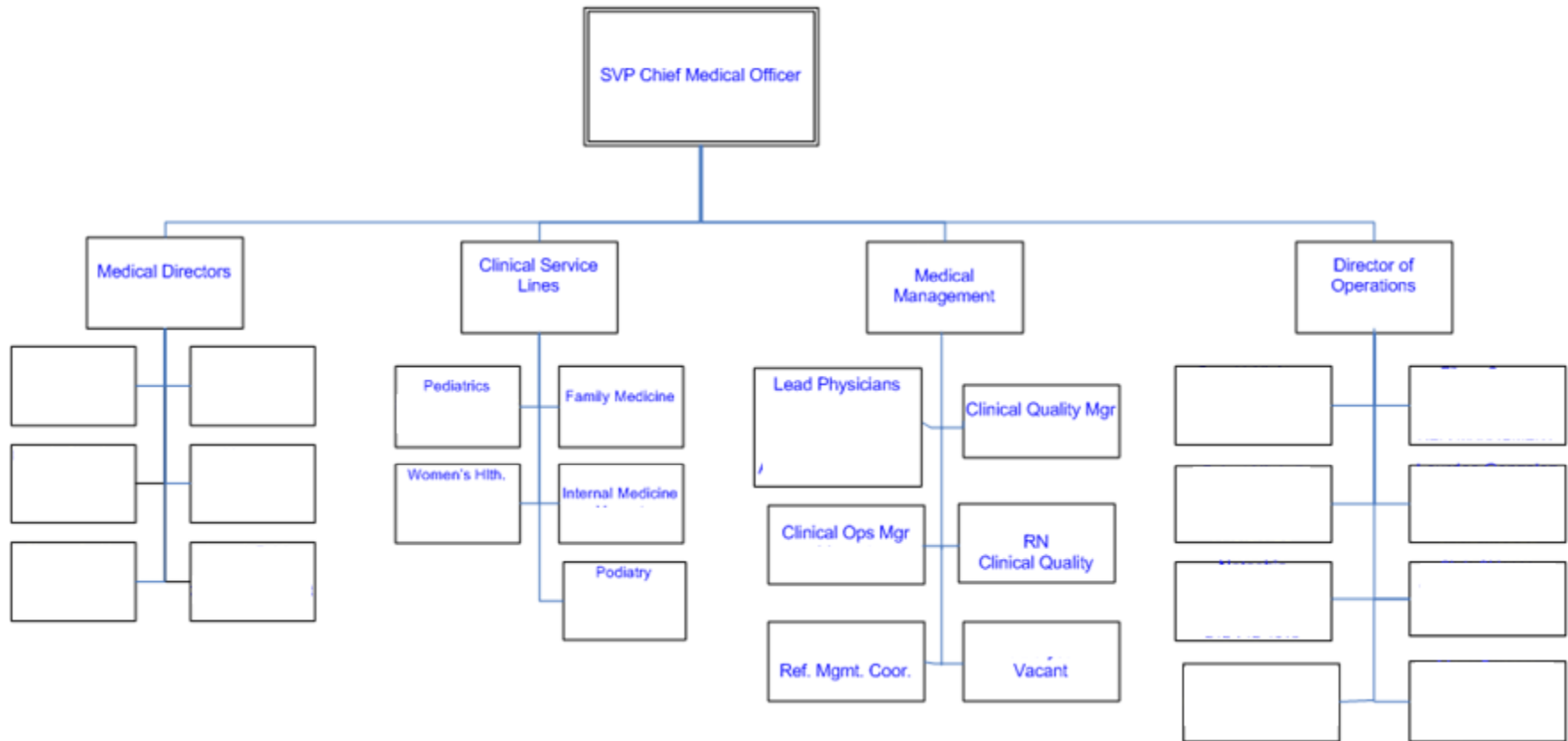
- Responsibilities
1. Help Desk
 2. Phones
 3. Network Hosting
 4. EMR Support
 5. e-Mail
 6. Web site

- Responsibilities
1. EMR Implementation
 2. Malpractice consolidation
 3. Union Contract Consolidation
 4. Contracts
 5. Merger
 6. Other Restructuring Projects

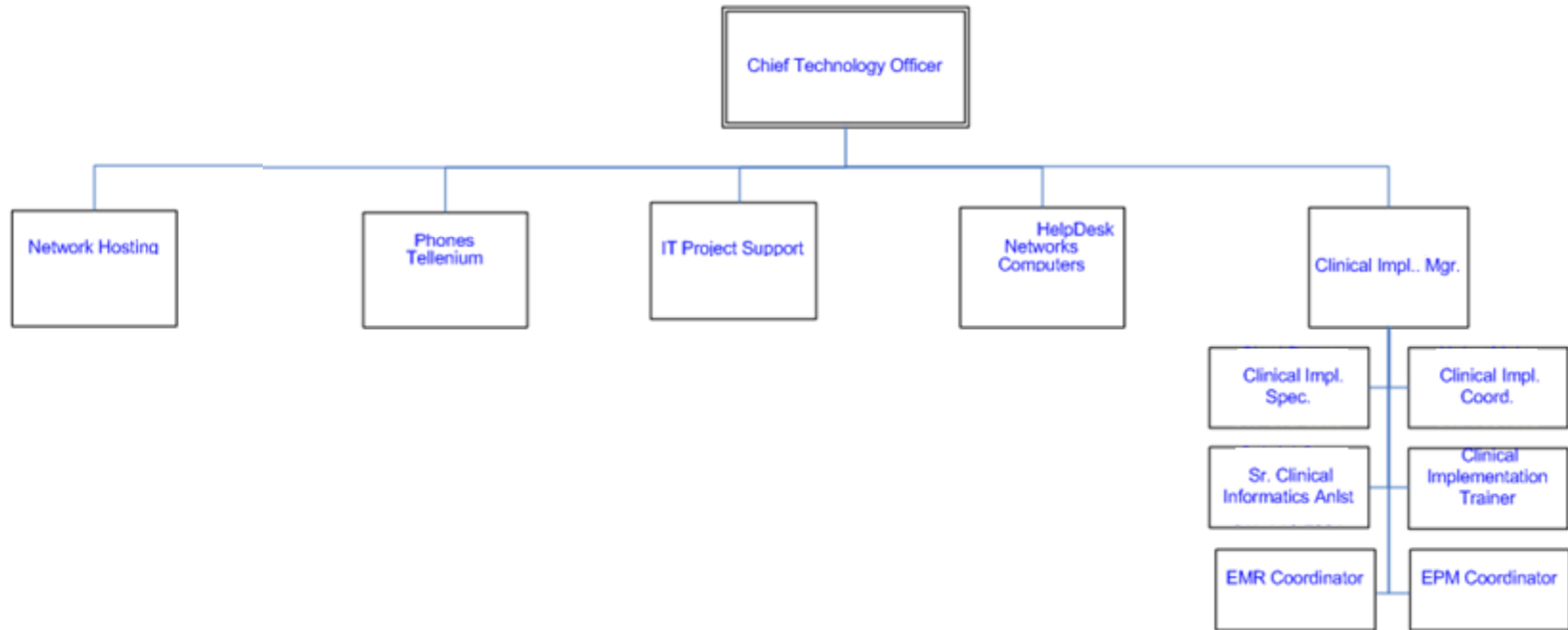
Finance and Accounting



Clinical Operations



Information Technology



Facility Development

The facility plan is largely focused on improving and replacing

- ◆ Facilities are being improved to expand clinical service:
 - New Endo Suite at Location A: by end of this quarter
 - Planned PT/OT facility: TBD
- ◆ Continued movement to replace sites:
 - Replace Location E, Location F, and Location G
 - Improve or replace Location D
- ◆ Continued movement to improve “Look & Feel” and usability

Facility Development

Location A: Fix the patient flow and physician utilization issues.

Facility Profile	
Core Market	Low income – Medicaid/ Black - African decent
Racial Mix	Black/African decent 70% Hispanic: 20% Other 18%
Physician FTE Actual and Capacity	Actual: 28.3 Capacity: 35/TBD
Current Specialties	Cardiology, Ob/Gyn, Internal Medicine, Gastroenterology, Hematology/Oncology, Dermatology, Rheumatology, Orthopedics, Surgery, Endocrinology, Perinatology, Ophthalmology, Pediatrics, Radiology, Urology, Nephrology
Access	Good Public Transportation
Square Feet	58,529
Facility Condition	Fair to Good
Neighborhood Trends	Strong neighborhood with increasing gentrification
Payor Members	17,865

Facility Strategy	
Location	Keep
Improvements	Substantial, need more exam rooms with a focus on patient flow management and physician utilization - signage
Clinical Profile	Increased emphasis on Orthopedics, OB/GYN, Pediatrics, and Physical Therapy
Extended Hours – After Hours	Yes
Ancillaries	TBD
Market Strategy	Develop relations Payors with local luxury apartment buildings. Promote various specialties to local market.

Facility Development

Location B: Maximize use with existing space limitation

Facility Profile	
Core Market	Lower middle income/Mixed race
Racial Mix	Hispanic: 15% Black/African decent: 50% White: 17% Other: 18%
Physician FTE Actual and Capacity	Actual: 2.9 Potential Capacity: 8
Current Specialties	Family Practice, Ob/Gyn, Ophthalmology, Urology
Access	Good Public Transportation
Square feet	7,300
Facility Condition	Excellent
Neighborhood Trends	Gentrifying and growing
Payor Members	4,112

Facility Strategy	
Location	Excellent location – no change
Improvements	Minor fixes/adjustments – exterior visibility
Clinical Profile	Expanded clinical profile to include Cardiology, Sports Medicine, GI, Pediatrics, and full time OB/GYN – Recruit “Magnet MDs”
Extended Hours – After Hours	Yes
Ancillaries	Develop basic lab, echo, nuclear testing, and stress testing
Market Strategy	Strategic outreach to neighborhood (other doctors in area; businesses, etc). Build local relations Payors – this for that marketing.

Facility Development

Location C : Move to new location south but proximate to the current facility, continue to service the existing members, and expand services to attract new patients.

Current Profile	
Core Market	Low income – Medicaid/Hispanic
Racial Mix	Hispanic: 60% Black/African decent: 22% Other: 18%
Physician FTE Actual and Capacity	Actual: 4.4 Potential Capacity: 12
Current Specialties	Internal Medicine, Nephrology, Pediatrics, Ob/Gyn, Urology,
Access	Good Public Transportation
Square feet	15,699
Facility Condition	Fair- Poor
Neighborhood Trends	Strong neighborhood with little gentrification
Payor Members	5,138

Facility Strategy	
Location	Replace in same geographical area – facility is old and has internal access issues. Will need 20,000 – 23,000 sf.
Improvements	Immediately improve paint, lighting, visuals, Education Center, and “Fix List”
New Clinical Profile	Same clinical profile plus expanded Pediatrics, Nutrition, and OB/GYN
Extended Hours – After Hours	Yes
New Ancillaries	Develop basic lab, radiology, echo, nuclear testing, and stress testing
Market Strategy	Aggressive and targeted marketing to the Hispanic community (schools, community organizations) in order to compete with the surrounding medical groups.

Facility Development

Location D: Maximize use with existing space limitation

Facility Profile	
Core Market	Middle income – Retired Professionals/mixed race
Racial Mix	White 50% * Black/African decent 30% * Hispanic: 15% * Other 5% *
Physician FTE Actual and Capacity	Actual: 3.4 Potential Capacity: 4
Current Specialties	Family Practice, Ob/Gyn
Access	Good Public Transportation – poor visibility (stealth site)
Size	NA
Square Feet	6,800
Facility Condition	Excellent
Neighborhood Trends	Gentrification and growing
Payor Members	1,762

Facility Strategy	
Location	New facility, will need to overcome size and location issues
Improvements	Exterior visibility
New Clinical Profile	Expanded clinical profile to include Cardiology, GI, and Orthopedics
Extended Hours – After Hours	Yes
New Ancillaries	Develop basic lab, echo, nuclear testing, stress testing, and GI procedure room
Market Strategy	Strategic outreach to neighborhood (other doctors in area; businesses, etc). Build local relations Payors – this for that marketing.

* estimates

Facility Development

Location E: Move to new location south of the current facility, with better public transportation access, continue to service the existing members, and expand services to attract new patients.

Current Profile	
Core Market	Low income – Medicaid/ Black -African decent
Racial Mix	Black/African decent: 69% Hispanic: 17% Other: 14%
Physician FTE Actual and Capacity	Actual: 6.3 Potential Capacity: 12
Current Specialties	Infectious Disease, Internal Medicine, Pediatrics, Ob/Gyn, Ophthalmology, Pulmonary
Access	Poor Public Transportation
Square Feet	24,437
Facility Condition	Facility is old with access issues and not changeable
Neighborhood Trends	Increasing gentrification
Payor Members	6,639

Facility Strategy	
Location	Replace within the same zip code –Will need 28,000 - 30,000 sf.
Improvements	Immediately improve paint, lighting, visuals, Education Center, and “Fix List”
New Clinical Profile	Expanded clinical profile to include Cardiology, GI, full time Pediatrics, Urology, Nutrition, Podiatry, and a surgical specialty
Extended Hours – After Hours	Yes
New Ancillaries	Develop basic lab, radiology, echo, nuclear testing, stress testing, and GI suite
Market Strategy	Grass roots campaigns to the local businesses, churches, etc. Need to stay away from the new demographic moving into the neighborhood, focus those that are long time residents.

Facility Development

Location F: Move to new facility in same area

Facility Profile	
Core Market	90% middle class who work in the area – 75% Payor members
Racial Mix	Hispanic:30% Black/African Decent: 30% White: 30% Other: 10%
Physician FTE Actual and Capacity	Actual: 3.8 Potential Capacity: 9
Current Specialties	Allergy, Cardiology, Internal Medicine, Podiatry.
Current Ancillaries	Echocardiography, Stress Testing, Phototherapy
Access	Excellent Public Transportation – Difficult to find
Square Feet	12,500
Facility Condition	Poor and unattractive 2 nd floor operation
Neighborhood Trends	Heavy commercial area – increasing residential
Payor Members	2,160

Facility Strategy	
Location	Replace in same area. Size TBD
Improvements	Immediately improve signage, paint, lighting, visuals, Education Center, and “Fix List”
New Clinical Profile	Expand offering of specialty services to decompress Location A. Expand Allergy and Cardiology. Add Nutrition, Dermatology, GI, Geriatric Medicine, Psychology, Urology, Ophthalmology.
Extended Hours – After Hours	Yes
New Ancillaries	Develop basic lab, expand echo, nuclear testing, expand stress testing, add GI suite, physical therapy, expand phototherapy
Market Strategy	Reach out to the corporations and local business to provide “in-house” healthcare. Promote podiatry specialty to local nail salons.

Facility Development

Location G: Upgrade the facility or relocate, expanded clinical profile, and aggressively market.

Facility Profile	
Core Market	Lower – middle income/Mixed race
Racial Mix	White: 34% Hispanic: 27% Black/African decent: 23% Other: 16%
Physician FTE Actual and Capacity	Actual: 4.5 Potential Capacity: 11
Current Specialties	Family Practice, Ob/Gyn
Access	Fair Public Transportation
Square Feet	13,050
Facility Condition	Fair
Neighborhood Trends	Strong neighborhood with little gentrification
Payor Members	4,909

Facility Strategy	
Location	Keep - Strong opportunity to develop the Office's market position (Stuyvesant, Peter Cooper, etc.)
Improvements	Immediately improve signage, paint, lighting, visuals, Education Center, and "Fix List" – Significantly renovate access, exam rooms, and Training Center
New Clinical Profile	Expanded clinical profile to include Cardiology, GI, Pediatrics, and full time OB/GYN
Extended Hours – After Hours	Yes
Ancillaries	Develop basic lab, radiology, echo, nuclear testing, stress testing, and GI suite
Market Strategy	Advertise primary care specialty to neighborhood, especially Peter Cooper/Stuyvesant village. Build relations Payors with local businesses.

Risks and Unknowns

Risks and Unknowns

There are two major risks to this plan

- ◆ Realizing the \$4+ million in incentives
- ◆ Reducing Out-Of-Office Physician Purchased Services by \$6+ million
- ◆ Securing 7,000 net new patients

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