Business Plan Template for a Nurse Managed Health Clinic in Kansas

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INTRODUCTION

Nurse Practitioners (NPs) wanting to start a nurse managed health center (NMHC) need to recognize the importance of writing a business plan. A business plan evaluates the market and feasibility of the venture, maps out the business proposal, guides operations and expenditures and is used to obtain capital (Nagelkerk, 2006). Developing a business plan and consulting with business experts may improve the sustainability of the practice. To follow is a template with the needed elements of a business plan and examples of each. Key elements include: the cover; table of contents; executive summary; description of the business; vision, mission, and value statements; market analysis; marketing plan; human resource issues; the financial plan; and the appendices. Information supplied will ease the process of writing a business plan and reinforce its importance. Knowledge gained will remove barriers, promote a better understanding of business within nursing, and empower NPs in starting a NMHC.
THE BUSINESS PLAN TEMPLATE

Cover

The cover should include the business name, address, phone number, date of issue, and the “copy number” in order to control copies of the document (Washburn Small Business Development Center [WSBDC], n.d.).

Table of Contents

A one page Table of Contents should be developed showing the topics and page references.
Example

BUSINESS PLAN

Angel Care Clinic
2400 SW 29th Street
Topeka, KS 66614

Business Plan Prepared By

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Date Prepared
May 1, 2011

Copy 1
### Example

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Executive Summary

The executive summary should be no more than two pages. It should convey the project, why it is being proposed and the projected results. Information should include the purpose of the plan, the type of business, its stage of development, the unique service, the competitors with their strengths and weaknesses, and what will be critical to succeed (WSBDC, n.d.). Statements should be provided related to funding such as who is requesting the funds and why, how the business will benefit, how the funds will be repaid, and the amount the owner is investing. Also provide a brief summary of financial projections (start up expenses, yearly gross profits, net profits, break-even point, and cash flows) (WSBDC, n.d.). If the project appears worthwhile the business plan will be read.
Example

EXECUTIVE SUMMARY

The Company

The development of Angel Care Clinic (ACC) will assist in meeting current health care needs and improve access to care for citizens in Topeka. ACC will provide safe, effective, patient-centered, timely, efficient and equitable primary care to patients from birth to end of life. Services provided by nurse practitioners (NPs) will offer a different experience and increase patient satisfaction due to the NPs practice of holistic care, open communication, and their skills in counseling, interviewing and therapeutic listening. ACC will lease approximately 1500 square feet of commercial office space. Direct competitors for services are 20 primary care clinics and 52 physician offices (Family Practice 12, General Practitioner 1, Obstetrics/Gynecology 14, Pediatrics 13, and Internal Medicine 12). Indirect competitors are two emergency departments at local medical centers. Competitors’ strengths include having established physician providers, having independent practices, and having established referral patterns. The critical key to the success of ACC is educating the public on services provided and managing reimbursement for NPs.

Statement of Funding Summary

The purpose of this business plan is to supply the information needed in order to obtain a startup loan. The total cost of this project is $121,725 in the first year. The owner will invest $25,000 into the initial startup costs. The owner is requesting a loan for $96,725 at 9% interest to be repaid over 7 years to cover an aggressive marketing plan, lease hold improvements, operational costs, and the startup inventory. ACC will benefit having additional funds due to a potential 2 month lag time for reimbursement of services. Funds will be repaid monthly for the
term of the loan. Financial projections are as follows: startup expenses $53,000, yearly gross profits are $375,040, $453,750, and $499,125, and yearly net profits are $12,476, $60,662, and $72,625 for the first, second and third years respectively. Cash flow remains negative until Year 3. Break even is achieved at $350,121 with profits in Year 1.
Description of Business

A description of the business includes the services, ownership, the facility, licensing, regulations, a registered trademark, and insurance (WSBDC, n.d.).

Services.

A description of the services provided by NPs should be included. NPs provide exams, screening, diagnosing, treating, managing patients with acute and chronic illnesses and diseases, prevention, health promotion, education, and physician referral. Opportunities for the expansion of services could include mental health services, physical therapy, rehabilitation or laboratory.

Ownership.

Ownership information includes listing the principal owners and their percent of ownership. A new business must choose a structure for the business. Types of business structures are Sole Proprietorships, General Partnerships, Limited Partnerships, Limited Liability Partnerships, Corporations and Limited Liability Companies (LLC). A general description of business structures is supplied (Appendix A). Specific elements of business structures such as registration information, fees, advantages, disadvantages, tax implication, and helpful publications may be found through NetWork Kansas at http://www.networkkansas.com/. An attorney’s advice in selecting the best legal entity is recommended. LLCs and Corporations must register with the Kansas Secretary of State at www.kssos.org with a fee of $160.

Facility.

The facility should be described. The location of the clinic should be included and why it was chosen. Selecting the best location is a critical for the long term success of the clinic. Property for sale or lease in the market area may be accessed at Kansas Commercial Real Estate services at http://kscommercial.com/. NPs need to inquire about square footage, price per
square foot, a zoning description, signage, parking, and accessibility. Leasing initially is beneficial to reduce startup costs related to a mortgage. The rental or purchase contract may be included in the appendices as well as any lease hold improvements. If leasing, clarify if the lease is a triple net lease which passes fees for property tax, property liability insurance and maintenance of common areas to the renter. Thinking about how much the business may expand before having to move is important. All equipment and furnishings will need to be determined.

*License and regulations.*

Required licenses, permits and regulations should be addressed taking into account how long it takes to receive them. At the state level the NPs industry licensing and advanced practice certification requirements may be obtained through the Kansas State Board of Nursing at [http://ksbn.org/](http://ksbn.org/). Kansas does not require a license for an outpatient medical clinic.

For zoning information, contact the county clerk for any requirements. Regional areas have comprehensive long range plans related to growth, development, and environmental issues and not all areas are zoned for human health care clinics. Lease hold improvements require a building permit through the county. The NP should also contact the city clerk for any additional permits.

For regulations, the NMHC must be compliant with the Americans with Disabilities Act (ADA), the Occupational Safety and Health Administration (OSHA), the Health Insurance Portability and Accountability Act (HIPPA), and if providing laboratory services, the Clinical Laboratory Improvement Amendments (CLIA). ADA deals with standards for accessible design of facilities. Guidelines may be found on the US Department of Justice website at [http://www.ada.gov/standspdf.htm](http://www.ada.gov/standspdf.htm). Under the Occupational Safety and Health Act, NMHCs are responsible for providing a safe and healthful workplace. Regulations may be accessed through
US Department of Labor website at http://osha.gov/. OSHA offers free, confidential, on-site advice without penalties. Consultants identify hazards, provide advice on compliance with OSHA standards, and assist in establishing safety and health management systems. HIPPA law and related information may be found through the Centers for Medicare and Medicaid Services (CMS) at http://www.cms.gov/HIPAAGenInfo/02_TheHIPAALawandRelated%20Information.asp#TopOfPage. CMS also regulates laboratory testing performed on humans through the CLIA which ensures quality testing. All laboratories must be certified to receive Medicare or Medicaid payments. For an overview, regulations, and requirements access the US Department of Health and Human Services at http://cms.gov/clia/.

**Trademark.**

A registered trademark for the clinic name is optional but advisable. State protection of a trademark may be obtained at the Kansas Secretary of State office at www.kssos.org and a copy of the registration should be included as an appendix. View the Yellow Pages and Google the business name for its availability. A trademark search may be done through the US Patent and Trademark Office at www.uspto.gov.

**Insurance.**

The description of the business should include insurance coverage. Property and Casualty and Commercial Liability are necessary for losses resulting from property damage, suspended operations, and liability for bodily injury. The NP should contact local insurance companies for policies and premiums on individual liability insurance. Workers compensation insurance coverage may be obtained by contacting a state licensed insurance agent, the Kansas
Insurance Department at http://www.ksinsurance.org/ or the Division of Workers Compensation at www.dol.ks.gov/.
DESCRIPTION OF THE BUSINESS

At the clinic, NPs with advanced knowledge and skills will provide primary care services to patients ranging from birth to end of life. Services will include comprehensive histories, physicals exams, screening, diagnosing, treating, and managing patients with acute and chronic illnesses and diseases, prevention, health promotion, education, and physician referral. Services will be offered 10 hours per day from 10 am to 8 pm. A protocol physician will be hired to be onsite twice/month for peer review and quality. Opportunities to expand services include those related to mental health, physical therapy, rehabilitation, and laboratory.

ACC will be owned by Ellen McCaffrey. Ownership may expand to include interested NPs. The business will be structured as a Limited Liability Corporation and registered with the state of Kansas. The projected opening of the facility is March 1, 2012.

The clinic will be located in commercial rental space at 2400 SW 29th St. in Topeka (include in Appendix). This building was chosen for its central location, ease of access, parking, and the available square footage needed with options for expansion. The facility is dated. Estimates of $10,000 in lease hold improvements are needed for flooring, counters, paint, and plumbing materials for a second restroom. Terms of the rental contract and costs for renovations are included (include in Appendix). All furniture, equipment and supplies will be purchased by ACC.

The clinic will be compliant with required licenses, permits and regulations. NPs will obtain and have on record the required licensing and advanced practice certification through the Kansas State Board of Nursing. A permit for the business will be obtained through the city of Topeka and the clinic location is zoned for a medical office facility. ACC will be compliant with
all regulations which include: the Americans with Disabilities Act (ADA), the Health Insurance Portability and Accountability Act (HIPPA), and the Occupational Safety and Health Administration (OSHA). A consultation will be scheduled with OSHA one month after opening to identify hazards, to receive advice on compliance with OSHA standards, and to establish safety and health management systems.

ACC is a registered trademark at the Kansas Secretary of State office. A copy of the registration is supplied (include in Appendix).

Property and Casualty Insurance and Worker’s Compensation will be purchased through Peoples Insurance to cover $60,000 in contents, general liability within the rented space, and workers compensation for 2 clerical and 5 nursing staff. The insurance contract for ACC is supplied (include in Appendix). Individual liability insurance is required and obtained by each NP provider with current records maintained on site.
**Vision, Mission, Value Statement**

The vision, mission and value statements are the most important piece in the business plan. A vision describes the long-range goal of the organization. The mission describes the business, its direction, its reason for existence. The value statements are related to beliefs and describe ethical relationships giving direction (Nagelkerk, 2006). One important value statement to include is that the NMHC assures its mission by remaining profitable. Spending time developing a vision, mission and value statements will allow the NP to convey his/her philosophy to others. Examples of vision, mission and value statements may be viewed through Purdue University at [http://www.ces.purdue.edu/extmedia/EC/EC-720.pdf](http://www.ces.purdue.edu/extmedia/EC/EC-720.pdf).
Example

VISION, MISSION, VALUE STATEMENT

Vision
To provide affordable, high quality primary health care to patients in Topeka.

Mission
The mission of ACC is to promote the health and well-being of citizens in Topeka by providing accessible high quality primary care. ACC is committed to providing services that will exceed patient’s expectations resulting in improve health and satisfaction.

Value Statement

- Service: We serve all patients and family to the best of our ability.
- Quality: We monitor staff competencies to ensure quality care.
- Respect: We serve all patients, family and staff with dignity.
- Sustainability: We assure our mission by remaining profitable.
- Collaboration: We will work with the community to improve health.
Market Analysis

A market analysis examines the potential market for the NP’s services and needs careful consideration. This analysis includes the target market and demographics, a competitive analysis, your competitive edge, and a sales forecast (WSBDC, n.d.). The target market and demographics describe potential customers, the market area and the number of potential customers. The NP should develop a sketch of the patients that are most likely to use the services and make assumptions based on their demographics, lifestyle, behavior, etc. Much data may be gleaned from the US Census Bureau at www.census.gov, the Clinton Essex Franklin Library System Business Decisions Database at http://www.cefls.org/database_business_decision.htm, My Best Segments at http://www.claritas.com/MyBestSegments/Default.jsp, City-Data.com at http://www.city-data.com/zips/, and the Best Customer text available at business development centers and public libraries. The NP should look at trends in the health practitioner industry to compare financial data and ratios. If the industry ratios are much different the NP should examine why and perhaps take action. Help obtaining this information and understanding how to evaluate it can be obtained through business development centers and libraries or the North American Industry Classification System (NAICS) website at http://www.census.gov/naics.

The competitive analysis defines the advantages and disadvantages of your major competitors’ services (WSBDC, n.d.). The NP should identify the quality and pricing leader in the area and who might have substitute services. The business plan should address the NP’s competitive edge or what makes its services unique to attract patients such as efficiency and quality.
Information in the sales forecasting section of the business plan includes: a description of the potential growth of the market; factors affecting growth; strengths and weaknesses of your business; opportunities and threats in the community; and a chart showing monthly services for the first year and annual summaries for the second and third.
Example

MARKET ANALYSIS

Target market and demographics

Those most likely to seek services desire to be more satisfied and are seeking out a caring experience. Patients will primarily reside south of the ACC location in zip code areas 66609, 66610, and 66611. Populations within these areas are 7,936; 8,597; and 11,061 respectively (City-Data.com, 2011). Households are made up of all ages, races, ethnic groups and genders, with median incomes that vary from $25,000 to 88,000. Lifestyle traits, education levels, and homeownership, vary. Most residences are without children (My Best Segments, n.d.). Visiting ACC will be beneficial to those needing primary care, physical examinations, screening, diagnosing, treatment and management of acute and chronic illnesses, immunizations, treatment for asthma, and prevention related to cancer, cardiovascular disease, diabetes, HIV/AIDS and smoking. The facility accepts most insurance and will provide services to Medicaid, State Children’s Health Insurance Program (SCHIP) and the uninsured.

Competitive Analysis

Direct competition for the ACC is Med Assist located at 4011 SW 29th and the Cotton-O’Neil Clinic at 6725 SW 29th. Twenty businesses are listed as primary care clinics and an estimated 52 physicians provide primary care in Topeka (Bing Maps, 2011). Shawnee County also supports two hospital emergency departments. Maps listing these locations are supplied (include in Appendix). No clinics or physician offices providing primary care are located south of 29th street. Although there is competition, the provider need will more than likely increase. There are eight physicians for every 580-820 population, thirteen physician assistants (PAs) for every 3,800 – 5,600 population and seven NPs to every 2,040 – 2,280 population practicing
primary care in Shawnee County yet 20% of families have difficulty obtaining care (Kansas Department of Health and Environment, 2006). According to the Kansas Hospital Association (2010) the Kansas physician supply will likely remain behind most other states due to demand trends and rates of out-migration of medical school graduates. Additionally the population is increasing with more than 176,000 in Shawnee County - over 47,000 being children and more than 23,000 over 65 years of age (United States Census Bureau, 2009).

**Competitive Edge**

NPs can produce as high-quality care as primary care doctors and achieve as good health outcomes for patients (American College of Physicians [ACP], 2009). Patient satisfaction increases with the NPs practice of holistic care, their open communication and their skills in counseling, interviewing and therapeutic listening. NP services will be attractive to patients. NPs demonstrate higher rates of generic prescriptions, lower rates of hospitalizations, and see members an average of 1.8 times more than other providers (King & Hansen-Turton, 2010).

**Sales Forecast (SWOT analysis)**

The SWOT analysis provides a framework for identifying growth opportunities (Nagelkerk, 2006). The SWOT analysis lists strengths, weakness, opportunities and threats.

**Strengths.**

- Provide cost effective quality care
- Good health outcomes
- Increased patient satisfaction
- Practice holistic care
- Open communication
- Spend more time with patients
Better patient education
Skilled in counseling, interviewing, and therapeutic listening
Higher rates of generic prescriptions
Lower rates of hospitalizations
Number of local primary care physicians for referrals

**Weaknesses.**

The amount of capital required to start a NMHC
Lack of public’s knowledge of NP services
Need for a protocol physician for contracts and prescriptive authority
Business which has seasonal highs and lows

**Opportunities.**

Recession and rising costs stimulate employers to reevaluate expenditures
Health care reform mandating medical insurance
Decreasing primary care physician workforce
Kansas has pressing health care issues related to cancer, cardiovascular disease, diabetes, HIV/AIDS and smoking
Size of the existing market
Topeka is headquarters to national and international companies, including
27 businesses with more than 500 employees (Greater Topeka Chamber of Commerce, 2006)

**Threats.**

20 primary care clinics in Topeka with 2 near the market area
Number of local primary care physicians
Government regulations restricting NP’s practice and reimbursement

Initial patient volume may be low

Shawnee County is not classified an underserved area

St. Francis Health Center and Stormont-Vail HealthCare

Established referral patterns and alliances with hospitals
Marketing Strategy and Implementation

There are opportunities to familiarize the general public on NPs and NMHCs. The marketing strategy and implementation includes a marketing plan, sales, and any strategic alliances (WSBDC, n.d.).

Marketing plan.

An aggressive marketing plan is important to remain financially viable. Within the marketing plan are promotion and pricing strategies. The business plan should explain the methods one will use to appeal to patients such as venues for marketing (television, print, social media, etc.). The NMHC may also be promoted through special events, speaking engagements and sponsorships (WSBDC, n.d.). The NP may register in an online directory through the NP Clinics at [http://www.npclinics.com/](http://www.npclinics.com/). Descriptions of literature and brochures should be included in the market plan as well as any new services. Services may be promoted to boost seasonal slow periods. Getting involved in the community, having association memberships and good media relations might be helpful.

Presenting a pricing strategy is difficult in the new NMHC. NPs do not set prices but accept reimbursement. Contracts for services to major insurance companies or large volume employers are negotiable. A guide for contracting with insurance providers is available through the National Nursing Centers Consortium (NNCC) at [http://www.nncc.publichealthmanagementcorporation.org/index.php/consultation](http://www.nncc.publichealthmanagementcorporation.org/index.php/consultation). To avoid reimbursement issues the NP must know that standards for electronic transactions will change to Version 5010 on January 1, 2012 and medical coding will change to ICD-10 on October 1, 2013. Steps to prepare for these changes are through the CMS at [http://www.cms.gov/ICD10/05a_ProviderResources.asp](http://www.cms.gov/ICD10/05a_ProviderResources.asp). After an interval of data collection, the
NP may consider programs that affect reimbursement such as Rural Health Clinics (RHC) or Federally Qualified Health Centers (FQHC). Information to compare the RHC and FQHC is available through the US Department of Health and Human Services at 
www.ask.hrsa.gov/downloads/fqhc-rhccomparison.pdf. Other marketing strategies related to price are making price differences transparent to the public and providing a discount allowance to patients for early payment or to companies for volume services. There are other billing opportunities provided through CMS for established patients seeking just the care of a clinic nurse. Timely electronic billing and collecting copayments at the time of service will help with sustainability.

Sales.

The NP should have a sales strategy for their primary care services. An important business practice is to diversify the patient payer mix preventing hardship if a single insurance changes. A viable payer mix consists of 50% private insurance, 40% CMS, and 10% uninsured. A strategic plan to increase volume should be developed. There should be clear guidelines of the expected services to be provided by each NP. The NP needs to find high-value customers that are easy to locate, willing to try services and will generate business. The NP may increase value to patients through extended clinic hours, offering more complete services in collaboration with other companies, offering payment options, less wait times, or faster return calls with results.

Strategic alliances.

Strategic alliances with community partners should be established and nurtured. Alliances may provide referrals, networking resources and business partnerships (Nagelkerk, 2006).
Example

MARKETING PLAN

Promotion Strategy

According to the mission of ACC marketing efforts will focus on informing the community/patients of the benefits of the clinic. The goal of the marketing campaign is to get the message to patients and families that the clinic is available to provide primary care services. An open house will be advertised in the Capital Journal newspaper and take place four weeks after opening. Key organizations, community members and employers will be invited. Expenses allotted for initial marketing strategies include brochures, four weekly newspaper adds, food and drink. Plans for sending mailers and generating leads will occur. Branding will be ongoing with a state registered angel logo and slogan that represent our mission. The clinic will be registered in the NP Clinics online directory. The practice will be listed in the local telephone directory and Yellow Pages. Marketing will continue throughout the year to companies/insurances.

Pricing Strategy

The facility will accept the Medicare program to reimburse NPs at 85% of the physician rate and the Medicaid reimbursement calculated on a rate per unit basis. Commercial insurers will reimburse on a fee for service basis with each company having its own policy. Managed Care Organizations will reimburse per negotiated contracts.

Distribution and sales

Sales will be distributed over a diversified payer mix with 40% CMS, 50% private insurance, and 10% cash payments. A strategic plan to increase volume 10% in year 2 and 3 is in place. High value patients will be those in close proximity to ACC and those employed by businesses in Topeka with more than 500 employees. Value will be delivered as patients
experience positive outcomes. Payer mix will be evaluated after 3-6 months to determine if long term objectives can be met.

**Strategic Alliances**

ACC will be active in the community by attending all medical events. Free health care seminars will be presented every other month on topics important to the community. ACC strongly encourages networking with its members being involved in professional associations and clubs, talking and listening to people in the community, having up to date brochures and business cards, and staying in touch with people they like and respect.

**Quality Improvement Strategy**

A protocol physician will be hired to be onsite for peer review and quality. The physician will spend 4 hours twice a month reviewing and discussing medical care with the practice team. Outcome measures will be monitored with information technologies. Patient satisfaction surveys will be developed then implemented routinely to increase quality, efficiency, market share and the bottom line.
Human Resources

The business plan should include information about the management, the organizational structure, and the personnel plan (WSBDC, n.d.). Management members should be listed along with their experience and role within the clinic. Realistically the NP will be responsible for managing the business and devoting at least ten hours each week to the duty. The business plan should also include outside professionals and how they contribute to the business.

The organizational structure should be described. A chart showing lines of authority and communication channels is helpful diagram for the reader.

The personnel plan should list the personnel, their salaries, and any insurances. An example of one workable model for a new NMHC is to provide services 70 hours/week seeing two patients per hour. The NP owner could provide care 30 hours/week with two part time NPs working 20 hours/week for $40 per hour. Additional staff would include 2 Licensed Practical Nurses working 35hr/week at $15/hour, 1 clerical staff member working 35hr/week at $9/hour and 1 clerical staff member with billing and coding experience working 35hr/week at $15/hour. Providing insurance benefits will be difficult for the NP in a new NMHC. The personal plan should include who will cover professional liability insurance for the NPs and whether health and disability will be provided to employees. The NP must register for Unemployment Insurance at the Kansas Department of Labor at www.dol.ks.gov/ui/html/kcns010(rev-09-04).pdf. No fee is required. The business must file for Federal and State Tax identification numbers through the US Department of Treasury/IRS at www.irs.gov. This website provides a link to the Kansas State Department of Revenue.


Example

HUMAN RESOURCES

Management Summary

ACC will be solely owned by Ellen McCaffrey. Ellen will provide patient services 30 hours per week and administer and manage the day-to-day operations of the business excluding payroll and billing. There will be monthly and quarterly meetings for evaluation of employee issues, quality assurance, and to meet corporate board requirements. On site protocol physician meetings will take place twice per month. NPs will cover each other when on vacation, at conferences or in illness. Steve Smith, CPA will assist with financial expertise and payroll, and general advisement. Joseph Green, JD will advise ACC on the business structure and review all contracts and policies.

Organization Structure

Angel Care Clinic
**Personnel Plan**

Jane Smith, NP and Sally Mae, NP will provide patient services for 20 hours each week. Jill Murphy, LPN and Karen Clark, LPN will assist in the care of patients for 35 hours each week. Mary Barnes and Sue Crawford, ART will receive patients and managing front office duties, billing and coding. Projected salaries and wages are $244,000; $257,000; and $282,000 for years 1-3 respectively. This percent change reflects a 5% increase in Year 2 as NPs overlap hours, and a 10% increase in Year 3 when adding an additional NP for 20 hours/week.

No insurance benefits will be provided to employees but evaluated over time. NPs will provide professional liability insurance. ACC will register for Unemployment Insurance. Workers compensation insurance will be funded through the company. Federal and State Tax ID numbers will be obtained. Policies and procedure manuals as well as personnel files will be kept on site.
Financial Plan

Financial plans should begin by listing any important assumptions that may have an effect on projections such as interest rates or number of work hours. Startup expenses, a cash flow statement and an income statement should be included. Data from the list provided (Appendix B) may be entered into an Excel spreadsheet to generate startup expenses. Templates for statements are offered through Microsoft at http://office.microsoft.com/en-us/templates/start-up-expenses-TC001017507.aspx, http://office.microsoft.com/en-us/templates/income-statement-TC001074461.aspx, and http://office.microsoft.com/en-us/templates/12-month-cash-flow-statement-TC001017512.aspx.

The NP may anticipate needing approximately $120,000 to start a NMHC and at least a 20% down payment; however a larger percent is recommended to decrease interest expense and improve cash flow. The cash flow should be detailed by month for one year then summarized for years two and three. Summaries of the startup expenses, the cash flow sheet, and projections should be included in a pro forma. Additional items to consider are depreciation, bad debt right off, credit card deductions, and funding. Funding possibilities are foundation grants; subsidies from a university, hospital or housing authority; reimbursement for services; and individual and corporate contributions.
FINANCIAL PLAN

Important assumptions to the business plan are that NPs total a 70 hour work week increased to 90 hours by Year 3 seeing 2 patients per hour. The facility is leased. The payer mix is 40 percent CMS, 50 percent private insurance, and 10 percent cash payment with 15% bad debt write off. Payroll is outsourced. Billing is done in the office. There are no employee benefits and no laboratory. An electronic medical record will increase reimbursement time to two weeks.

PRO FORMA

Start-Up Expenses The ACC will be owned and operated by Ellen McCaffrey. A business loan of $96,725 is used for start-up expenses with interest at 9 percent and be paid out over 7 years. The owner is prepared to contribute $25,000. Total start-up expenses are $121,725.

The Cash Flow Sheet Although ACC is profitable Year 1-3, cash revenue remains negative until Year 3. Payments to the collaborating physician make up half of Year 1 negative cash flow. The loan payment with 9% interest results in a first year interest of $8,284. With a break even number of $350,121 and sales at $375,000 there is a small profit in Year 1.

The Projections With the addition of more NP hours during peak times in Year 2, revenue will increase by $78,710 and the operating income will increase to $60,662. Adding a NP working 20 hours per week and another exam room in Year 3 shows an increase in operating revenue to $45,375 and the operating income will increase to $72,625. ACC can continue business and expect more profits in Year 4 and Year 5 as the loan diminishes. Fixed costs will remain the same with some depreciation. Variable costs will increase with the increased income.
Example

SUMMARY

In summary, with these assumptions the ACC is a viable nurse managed clinic offered to patients in Topeka. This startup venture requires a loan and time to return to a positive cash flow. The projected revenue and expenditures show that a profit can be made. Careful consideration must be taken in evaluating the market. Recommendations to ease the negative cash flow are to come to this venture with more than $25,000, apply for grants to decrease the startup loan, and be politically active for independent practice.
Appendices

The appendices of your business plan should include supporting documents of interest such as personal resumes, personal financial statements of owners, licenses, permits, leases, insurance policies, contracts, certificates, and photos of the clinic or services provided.

CONCLUSIONS

Today’s NP embraces opportunities arising within our health care system. The NP has an opportunity to offer a cost effective care delivery system in primary care. Removing business related barriers to nurse entrepreneurship may occur by building a network and seeking out resources to develop business skills. Resources available to help one develop a business plan are the Association of Small Business Development Centers at http://asbdc-us.org/, the US Department of the Treasury at www.irs.gov, the Service Corps of Retired Executives (SCORE) Business Resource Center at http://www.score.org/ and the US Small Business Administration at http://www.sba.gov. Working with these resources and using a business plan template will not only ease the process of starting a NMHC but ultimately improve its success and sustainability.
References


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Appendix A

Description of Business Structures

**Sole Proprietorship** is controlled and owned by one individual and is limited to the life of its owner. The owner receives the profits and losses, and is responsible for debts and obligations. Income and expenses are reported on the owner’s tax return with profits being taxed at the owner’s tax rate. A Federal Employer's Identification Number is not required if self-employed without employees. SPs are required to make estimated income tax payments.

**General Partnership (GP)** is owned by two or more persons who carry on the business as a partnership. Partners share equally in the right and responsibility to manage the business and are responsible for all debts and obligations. Distribution of profits and losses and management responsibilities are defined in a written agreement. For income tax purposes, a GP is not as a separate entity. Partners are liable for taxes based on their percentage of ownership. A Federal Employer's Identification Number is required. GPs are required to make estimated tax payments.

**Limited Partnership (LP)** each partner is liable for debts only up to the amount of their investment. An LP must be formed in writing between one or more general partners and one or more limited partners which have no voice in the management. LPs are ideal for property or raising capital. LPs must have a registered office. A resident agent must be appointed which may be an individual, a Corporation or the LP itself.

**Limited Liability Partnership (LLP)** is a partnership in which personal assets are shielded from claims for negligence, malpractice committed by other partners or employees. No registered office is required and no resident agent must be appointed but the address of the office or agent must be listed. A Federal Employer Tax Identification Number is required.

**Corporation** is a separate legal entity with shareholders, directors and officers. A board of directors manages and controls the corporation. The Corporation is responsible for debts and obligations. Shareholders are insulated from claims. A "C" Corporation is taxed on its profits at corporate tax rates and before dividends are paid. Dividends are taxed to shareholders. The "S" Corporation is taxed like a Partnership where income flows to the shareholders and are taxed at the individual tax rate. Shareholders of a professional Corporation are members of that profession.

**Limited Liability Company (LLC)** combines the limited liability of a Corporation with the flexible management options of a GP. Members have liability limited to their investment pay taxes in proportion to ownership avoiding the double taxation. A LLC must have a resident agent and file annual reports. Members may manage without liability and may receive pass-through income tax.
Appendix B

STARTUP EXPENSES

Startup Cash
  Equity investments
  Loan processing costs
  Loans – real estate, line of credit

Security Deposits
  Last month’s rent
  Telephone
  Utilities
  Other

Startup Expenses
  Accounting fees
  Incorporation fees and taxes
  Federal tax identification
  Domain name costs
  Insurance (6 months)
    Professional liability
    Health
    Disability
  Legal and consulting fees
  Office supplies
  Office equipment
  Payroll expenses including training
  Marketing
    Advertising
    Printing cards, stationary, brochures
  Sales tax permits (if needed)
  Signage
  Security system

Licenses and Certifications
  Nursing Licenses
  Advanced practice certification
  Hospital privileges
  Other - fire, OSHA, biohazard
  Clinical Laboratory Improvement Amendments CLIA

Capital Expenditures
  Computers
  Coding and billing software
  Electronic Medical Record
  Office furniture
  Exam furniture
  Leasehold improvements
Appendix B

Startup Supplies 1000.

Electronic med record
  Acquisition 15,000.
  Training 1,500.
  Monthly cost 225.
  Additional support 50.

Office equipment
  Computers (4) 4000.
  Copy machine 2000.
  Fax 200.
  Phones 200.

Office Supplies
  Front office stationery 200.
  Magazines 50.
  Miscellaneous nurse practitioner office 100.
  Miscellaneous managers office 100.
  Miscellaneous front office 100.

Office furniture
  Pictures 1000.
  NPs desk, chairs (3), bookshelves 2750.
  Manager’s desk, chairs, shelves 2750.
  Front office chairs, shelves 1500.
  Back office chairs (2) 500.
  Waiting room chairs, tables, lamps 5000.
  Supply cabinet 500.
  Break room table and chairs 400.

Exam furniture
  Exam tables (2) 1600.
  Stool (2) 250.

Exam equipment
  Light source (2) 300.
  Blood pressure cuff 300.
  Otoscope/ophthalmoscope 260.
  Electronic thermometer 325.
  Adult scale 350.
  Baby scale 250.
# Appendix B

<table>
<thead>
<tr>
<th>Category</th>
<th>Item</th>
<th>Price</th>
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<tbody>
<tr>
<td>Linens and service</td>
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<tr>
<td>Peak flow meter</td>
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<td>Pulse oximeter</td>
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<td>Anoscope</td>
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<td>Nebulizer</td>
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<td>EKG machine</td>
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<td>Cryofreeze equipment</td>
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<td>Tympanogram</td>
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<td>Hemoque</td>
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<td>Glucometer</td>
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<td>Cholestech LDX</td>
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<td>Microscope</td>
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<td><strong>Miscellaneous supplies</strong></td>
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<td>Exam table paper (2)</td>
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<td>Hand sanitizer</td>
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<td>Bandaids</td>
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<td>Alcohol wipes 500 pads</td>
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<td>Gauze</td>
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<td>Lubricant</td>
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<td>Gloves 6 boxes</td>
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<td>Lancets</td>
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<td>Glucose strips/25 tests</td>
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<td>Suture sets/ 6sets</td>
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<td>Gyn cultures</td>
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<td>Speculums 5 boxes of 10</td>
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<td>Kitchen/Break room</td>
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<td>Refrigerator/freezer</td>
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<td>Supply room</td>
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