

## Health Clinic Business Model Checklist

When developing your health clinic business plan, you must consider several important cost and operational components. The below list is intended to be a helpful starting point to ensure you've considered all of the revenue and cost components. Please use this as a resource, but recognize that every situation is different: not every clinic may need everything below, while other clinics may need more.

### Addressable market / market size

- Where do you plan to open the clinic? (Specify city, neighborhood, etc.)
- What community(ies) are you planning to serve? What population size are you planning to serve?
- Why have you selected this location? Is there unmet demand in the area you are planning to open a clinic?
- Do clinics already exist in the area? If so, are they unable to meet the local need? Why or why not? (E.g., too small, poor quality, demand greater than supply)
- How many clinics will be opened?

### Clinic summary

- What type of clinic will be opened? (e.g., what tier (if applicable); community clinic, mobile clinic, hospital, other)
- What are the services offered? E.g., health education, prevention, diagnosis, treatment, minor surgery, major surgery, delivery, pharmacy, laboratory
- What specialties will be offered? Emergency, Pediatrics, Gynecology/Obstetrics, Family Practice, Internal medicine, Surgery, Dental, Ophthalmic/Eye care, Dermatology, Infectious Disease, Nutrition, Oncology, Drug / Substance abuse, others
- Any unique value proposition or patient approach that differentiates you from other clinics? (e.g., we guarantee shorter waits for patients, lower costs, better quality, provide different services)

### Costs

- When developing start-up and ongoing operating budgets, make sure you consider all costs including but not limited to:
  - Building associated costs
    - Facilities/ building rent or cost to buy
    - Furnishings, refurbishment costs
    - Utilities (water, electricity)
    - Telephone, internet
    - Building maintenance supplies (cleaners, toilet paper, etc.)
    - Other
  - Technology / record keeping
    - Computer systems
    - Medical records (including EMR)
  - Lab-related costs

- Lab reagents (specific needs, quantity, and cost per each)
- Lab equipment (specific needs, quantity, and cost per each)
- Outsourced laboratory services (specific needs, quantity, and cost per each)
- Other
- Pharmaceuticals
  - Specific drugs needed, quantity, and cost per each
- Human resources
  - Salaries: Important to pay fair market value for positions to enable hiring and retention of key staff. Losing staff adds cost and complexity. Can consider other benefits such as health/dental coverage, meals, residence, etc.
  - Possible staff includes the following (although some facilities may have fewer roles, while others may have more roles)
    - Clinical
      - Doctors
      - Clinical officers
      - Nurses
      - Lab techs
      - Pharmacist
      - Dentist
      - Optometrist / Ophthalmologist
      - Sonographer/Radiographer
      - Counselors / psychiatrist
    - Non-clinical
      - Administrative support
      - Accountant / finance
      - Human resources
      - Receptionist / cashier
      - Public relations / marketing
      - Cleaners / maintenance
      - Other
  - Training
- Marketing / advertising (needs, costs will vary depending on clinic. Not every clinic will need every item below; other approaches not listed below can be considered.)
  - Website, social media
  - Printed flyers, posters, materials
  - Community events
  - Print advertising
- Other expenses
  - Food purchases
  - Cleaning
  - Disposal costs

## Revenues

- Determine price points for procedures that account for
  - Cost of conducting the procedure (considering time, skill, equipment, etc.) required
  - Ability to cover overhead costs (some portion will go to pay salaries, rent, other expenses)
  - Ability to earn some profit to ensure sustainability (profits can build cash reserves for future purchases, emergency fund, repayment of equity investments, etc.)
  - Target patients' ability and willingness to pay (i.e., can they afford this price? Do they accept this price? Can they use insurance or other means to pay fees?)
  - Does the price compare favorably with local "competition"? If prices are higher than the local clinics, patients may choose the other clinic. On the other hand, if prices are too much lower than the competition's prices, the clinic may be missing profits that help it become sustainable.
- Determine the number of patients the clinic can serve, and the # of procedures the clinic can conduct. Projections can't be higher than the maximum capacity of the clinic considering the number of providers, examination rooms, and equipment
  - **Provider capacity:** Consider the number of doctors and nurses on staff and the maximum number of patients who can be seen. Experience of the doctor or nurse will impact the number of patients served (i.e., more experienced providers may be able to treat more patients than less experienced providers)
  - **Lab capacity:** Consider the lab technician's maximum capacity to run tests and diagnostics, based on his/her throughput as well as the equipment available
  - **Clinic size:** Consider the size of the clinic: the number of examination and operating rooms will impact/ limit the number of patients who can be seen in any given day
  - **Procedure type:** Different procedures will likely incur and charge different costs. Make sure you differ between the different types of patient cases and treatment needed (e.g., Delivery, inpatient stay, outpatient, minor surgery)
- Growth of patients
  - A new clinic will most likely not serve the maximum number of patients right away. Time is needed to build awareness and build patient demand. Number of patients the first month will vary depending on availability of other clinics in the area, and size of addressable market in the community. First month volume could be anything: from 10% of maximum to 50% or 80% of maximum capacity. A clinic could reasonably scale to 80-100% of capacity in 4-6 months, based on the factors mentioned above. Regardless of the specific estimate, please note your assumptions and why you believe your assumptions are correct.
- Revenues from lab tests and pharmaceuticals
  - Initial assumptions: # of lab tests and pharmaceuticals given are likely directly correlated to the number of patient visits and procedures. A basic assumption is that if your patient numbers are growing 20% a month, it's fair to say your sales of lab tests and pharmaceuticals are growing 20% a month. If your patients are only growing 10% a month, you likely won't grow your sales of other areas 50% (unless there is a unique

epidemic situation in which a greater percentage of your patients are presenting with the same illness.)

- Profit margins (to cover overhead costs, but some profit to ensure sustainability)
- Growth assumptions

#### **Start-up and ongoing sources of funds**

- What type of funding is available and how much? (E.g., investments, loans, donations, grants)
- Is funding available to cover initial cash expenses before revenues are earned? Will enough cash be available to cover the first few months' cash outlays as cash reserves are built from monthly profits and retained earnings?
- Who are the primary payers for patient visits? Self-funded, government, insurance companies, others? Is the revenue source consistent and reliable?

#### **Governance / leadership**

- Who is the leadership team? Names, positions, qualifications
- Do you have a governance board? If so, please list names, positions, qualifications.

#### **Other resources for developing business plans for health institutions and services:**

<http://apps.who.int/medicinedocs/documents/s20282en/s20282en.pdf>

<http://www.smetoolkit.org/>

<http://www.who.int/hospitals/en/>