



# SBHC Pro-Forma Financial Statement Instruction Manual

## Overview

The pro-forma financial statement is an integral component of any business plan. It represents a projection of revenue and expenses (or cash flow) that a business can expect to generate and incur during one or more fiscal years.

New and existing school-based health centers (SBHCs) can complete a pro-forma statement to better understand their financial standing and the factors that affect long-term program sustainability, as well as assess the implications of proposed organizational changes such as an expansion of services, inclusion of new patient populations, or transition to a new medical sponsoring agency.

## How does a Pro-Forma Financial Statement Work?

The information in an SBHC narrative business plan should be used to complete the pro-forma. The narrative business plan contains services delivery, staffing and financial information that can be easily entered into the pro-forma. For example, pro-forma worksheets require estimated averages on *inputs* that generate revenue (i.e. number of patient visits, insurance reimbursement rates, etc.) and costs (i.e. staffing, equipment, etc.) for the entire SBHC program. Based on these average inputs, the pro-forma financial template will produce an Income Statement Worksheet highlighting expected profit and losses.

A pro-forma financial statement can cover a single year or multiple years. Because most SBHCs do not make a profit or generate enough revenue to cover expenses in the first year or two of operations, their pro-forma business plans usually cover a three-to-five year period. This is not dissimilar to a regular small business start-up. Established SBHCs that are looking to expand services may be able to create financial statements for one or two years using this earnings projection tool. If the financial statement projects costs that exceed revenue over time, the various revenue and/or cost generating inputs can be adjusted accordingly to reach desired profit or loss margin. Several versions of the pro-forma financial statement projections may need to be developed and presented to program stakeholders before reaching an agreement on proceeding with a specific business model.

**The SBHC Pro-Forma Financial Statement Workbook Template**

The SBHC Pro-Forma Financial Statement Template is an excel workbook with four linked worksheets for input: patient data, SBHC staffing, operation costs, and in-kind support. Embedded in these sheets are integrated formulas for data calculations which in-turn are populated into the Income Statement Worksheet that produces a Projected Income Statement Worksheet for the SBHC.

Data Input Worksheet

This worksheet is designed to collect identifying information and estimates on student utilization, community utilization, case mix, insurance coverage, average billable amounts per visits, reimbursement rates, and other revenue sources. This data is used to make visit and revenue calculations. These calculations populate the visit and revenue sections of the Income Statement Worksheet.

- 1) Identifying Information**
  - a) Line 3B – Enter School Name
  - b) Line 4B – Enter SBHC Name
  - c) Line 5B – Enter Sponsor Name
  - d) Line 6B – Enter Sponsor Type – Select from drop down box.
  
- 2) Student Utilization** – Number of student users/student population should be 70% of school enrollment or higher. New SBHCs should base these estimates on their needs assessment findings and achieve this metric by year three. Existing SBHCs should base these estimates on their actual utilization data. SBHCs looking to expand their scope of services or population served should use the utilization estimates from their needs assessment.
  - a) Line 9 – Student Population – Enter number of students enrolled in the school.
  - b) Line 10 – # of users – Enter numbers of estimated students with signed consent forms on file with at least one SBHC visit during the school year.
  - c) Line 11 – # of visits/year – Enter the total number of estimated student visits to the SBHC during the school year. Include all types of visits: medical, dental, behavioral, and/or other, including non-billable services such as first aid and health education classes. The national average is between 3 and 3.5 visits per student annually.
  - d) Line 12 – Utilization % – This figure is calculated automatically. It is the ratio of # of student users/student population.
  
- 3) Community Utilization** – Use this section if your SBHC is serving populations other than students in the school. Examples of appropriate populations in this section include: teachers, siblings of students, parents or guardians of students, out of school youth, and/or other community residents. New SBHCs should base these estimates on their needs assessment. Existing SBHCs can base them on their actual utilization data and/or utilization estimates from their needs assessment for expanded services.

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- a) Line 15 – Eligible Community Population – Enter an estimated number of eligible community residents other than students in the school to whom you are targeting your services.
  - b) Line 16 – # of users – Enter numbers of estimated eligible community residents who signed consent forms or are expected to sign consent forms and have used or are expected to use the SBHC at least once during the school year.
  - c) Line 17 – # of visits/year – Enter the total number of estimated or expected community resident visits to the SBHC during the school year. Include all types of visits: medical, dental, behavioral, and/or other including non-billable services such as first aid and health education classes.
  - d) Line 18 – Utilization % – This figure is calculated automatically. It is the ratio for the # of community users/eligible community population.
- 4) **Case Mix** – New SBHCs should base these estimates on their needs assessment findings. Existing SBHCs can base them on their actual utilization data and/or utilization estimates from their needs assessment for expanded services.
- a) Line 22 – Medical – Enter the estimated percentage of all student and community resident visits for medical services provided by a primary care provider (i.e. physician, nurse practitioner, physician assistant).
  - b) Line 23 – Dental – Enter the estimated percentage of all student and community resident visits for dental services that will be provided by a dental hygienist or dentist.
  - c) Line 24 – Behavioral Health – Enter the estimated percentage of all student and community resident visits for behavioral health and/or substance abuse services that will be provided by a behavioral health provider (i.e. psychiatrist, psychologist, social worker, licensed professional counselor, certified addictions counselor, or marriage and family therapist).
  - d) Line 25 – Other – Enter the estimated number of student and community resident visits for other services including vision screening and testing, individual or group health education, nutrition education, care coordination, etc.
  - e) Line 26 – Total – Should equal 100 percent. This figure represents the sum of lines 22-24 and is calculated automatically.
- 5) **Types of Insurance Coverage** – New SBHCs should base these estimates on their needs assessment findings. Existing SBHCs can base them on their actual data and/or estimates from their needs assessment for expanded services.
- a) Line 28 – Medicaid/CHIP – Enter the estimated percentage of student and eligible community resident users who are covered by Medicaid/CHIP. If your state has a separate CHIP program enter the percentage of student and eligible (children and youth) community resident users covered by CHIP in line 30. New SBHCs should use the percentage of students at their school eligible for free and reduced lunch as a proxy for the percentage of students eligible for Medicaid. This information is available at the National Center for Education Statistics: <http://nces.ed.gov/ccd/districtsearch/>.
  - b) Line 29 – Medicare – Enter the estimated percentage of student and eligible community resident users with Medicare. The following individuals are generally eligible for

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Medicare coverage: US citizens over the age of 65, individuals under the age of 65 with end stage renal disease, or individuals qualifying for social security disability income.

- c) Line 30 – CHIP – If your state has a separate CHIP program enter the percentage of student and eligible community resident (children and youth) users covered by CHIP. who are eligible for CHIP.
- d) Line 31 – Other /Government – Enter the estimated percentage of students and eligible community residents on other government health insurance coverage such as Title X (family planning), Tricare (covers uniformed service members and their families).
- e) Line 32 – Private Insurance – Enter the estimated percentage of students and eligible community residents with private health insurance such as Blue Cross Blue Shield, United Healthcare, Aetna, etc.
- f) Line 33 – Self-Pay – Enter the estimated percentage of students and eligible community residents without health insurance coverage.
- g) Line 34 – Total – This should equal 100 percent. This figure represents the sum of lines 28-33 and is calculated automatically.

**6) Average Billable Amount per Visit** – This is the average gross charge allowed per visit. It is calculated based on the total visits/total cost of delivering services. Generally, SBHCs sponsored by Federally Qualified Health Centers (FQHCs) are eligible for cost-based reimbursement and charge the same for every visit type. Under this section FQHC-sponsored SBHCs would enter the same dollar amount under each service type. SBHCs not eligible for cost-based reimbursement should calculate the average gross charge per type of visit type – medical, dental, behavioral, and other. SBHCs sponsored by hospitals that are planning on charging a facility-fee should include the fee in the average billable amount. SBHCs should ask their sponsoring fiscal agent for its insurance fee schedules.

- a) Line 37 – Medical – Enter the average gross amount that can be charged for all medical services.
- b) Line 38 – Dental – Enter the gross amount that can be charged for all dental services.
- c) Line 39 – Behavioral Health – Enter the gross amount that can be charged for all behavioral health services.
- d) Line 40 – Other – Enter the gross amount that can be charged for all other services as described in 4 – Mix of Care, other above.

**7) Reimbursement Rate Percentages** – An estimate of the rate of reimbursement can be calculated by taking the average amount each insurer (i.e., Medicaid) will reimburse per visit divided by the gross amount that can be charged per visit. Contact your state SBHC association or your local Medicaid office for more information on your state Medicaid's fee schedule.

- a) Line 44 – Medicaid/CHIP – Enter the percentage of the total billable amount per visit the SBHC expects to collect for visits covered by Medicaid. Typically, FQHC-sponsored SBHCs are reimbursed 100% of the gross amount charged. If your state has a separate CHIP program enter the percentage of total billable amount per visit the SBHC expects to collect for visits covered by CHIP in line 46.

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- b) Line 45 – Medicare – Enter the percentage of the total billable amount per visit the SBHC expects to receive for visits covered by Medicare.
- c) Line 46 – CHIP – Enter the percentage of the total billable amount per visit the SBHC expects to receive for visits covered by CHIP.
- d) Line 47 – Private Pay – If your state has a separate CHIP program enter the percentage of the total billable amount per visit the SBHC expects to receive for visits covered by commercial insurance.
- e) Line 48 – Other/Government – Enter the percentage of the total billable amount per visit the SBHC expects to receive for visits covered by other public programs.
- f) Line 49 – Self-Pay – Enter the percentage of the total billable amount per visit the SBHC expects uninsured patients to pay. Most SBHCs develop a discounted/sliding fee schedule based on income. Typically SBHCs charge students \$0 which is why the amount in line 49 is usually 0.

8) **% Claims Denied** – Enter the estimated percentage of all SBHC claims that are billed and denied by health insurance payers. This percentage will be used to adjust the expected net patient revenue on the Income Statement Worksheet. The number of denials should decrease over time as experience with billing for school-based services increases.

### 9) **Other Revenue Sources**

- a) Line 54 – Grants and Contributions – Enter the amount of revenue you expect to receive from private sources including grants, community benefit, corporate support, contributions, and fundraising.
- b) Line 57 – Government/Other – Enter the amount of revenue you expect to receive from local, state, or federal government grants.

## Staffing Input Worksheet

This worksheet is used to calculate estimated expenses of staff salaries and benefits. These data are populated on the Income Statement Worksheet. For SBHCs expanding their scope of services or patient population, include the expected staff positions and salary requirements needed to meet the new SBHC utilization demands.

### 1) **Positions and Salaries for Base Year**

- a) Lines 8-16 – Select positions from the pull-down menu. For full-time positions working 52 weeks per year, enter the total salary without benefits under Total Salary.
- b) Lines 8-16 – Select positions from the pull-down menus. For part-time and full-time positions working less than 52 weeks per year, enter the positions' hourly rate under \$/Hour, hours worked per week under Hrs/Week, and the number of weeks to be worked per year under Wks/Year. Based on these figures, the total salary will automatically be calculated and populated under Total Salary.

### 2) **Benefits**

- a) Line 19 – Enter the estimated percentage of total salaries used to allocate employee benefits such as health, dental, vision, disability, and life insurance.

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### **3) Annual Salary Increase**

- a) Line 20 – Enter an estimated percentage increase in salaries from year to year for performance and/or cost of living increases.

### **4) Summary**

- a) Lines 23-37 – These lines are populated automatically based on the salary and benefit data entered in lines 8-20 above.

## Other Costs Worksheet

This worksheet is used to estimate program and administrative costs associated with running an SBHC. These calculations populate the program and administrative cost expenses listed in the Income Statement Worksheet.

### **1) Program Costs**

- a) Line 8 – Consultants – Enter the estimated amount of money that will be paid for consultant services.
- b) Line 9 – Medical Supplies – Enter the estimated amount that will be paid for medical supplies.
- c) Line 10 – Lab Services – Enter the estimated amount that will be paid for lab tests and services.
- d) Line 11 – Pharmacy Costs – Enter the estimated amount that will be paid for prescription medications.
- e) Line 12 – Education Materials – Enter the estimated amount that will be paid for educational materials including professional publications, books, pamphlets, videos, etc.
- f) Line 13 – Program Costs – The subtotal of program costs reported on lines 8-12 is calculated automatically. This calculation is populated in the Income Statement Worksheet under the Program Costs Expenses.

### **2) Administrative Costs**

- a) Line 15 – Office Supplies – Enter the estimated amount that will be paid for office supplies.
- b) Line 16 – Minor Equipment/Furniture – Enter the estimated amount that will be paid for non-leased minor equipment and furniture.
- c) Line 17 – Travel/Education/Training – Enter the estimated amount that will be paid for business, local, and out-of-town travel and registration fees for continuing education or training activities.
- d) Line 18 – Phone/Cell/Internet – Enter the estimated amount that will be paid for office phone, cell, and internet service.
- e) Line 19 – Lease, Rent, and Utilities – Enter the estimated amount that will be paid to lease office or medical equipment, rent the SBHC clinic and office space, and provide electricity, gas, and water. Any lease, rent, and utility cost provided as in-kind support should be reported in In-Kind Costs Worksheet.

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- f) Line 20 – Licenses/Memberships – Enter the estimated amount that will be paid for business license, providers’ license fees, clinic certifications (i.e. Joint Commission, National Committee for Quality Assurance, etc.), and professional organizational memberships.
- g) Line 21 – Information Technology – Enter the estimated amount that will be paid for website development, programming, and maintenance; online meetings, training, and webinar services; electronic medical records, electronic health records, and practice management systems; and computer server, software programs, maintenance, and security.
- h) Line 22 – Malpractice Insurance – Enter the estimated amount that will be paid to cover board, medical and professional liability insurance.
- i) Line 23 – Depreciation – Enter the estimated amount of annual depreciation that will be incurred on large capital purchases.
- j) Line 24 – Miscellaneous Other – Enter the estimated cost of any expenses not previously reported.
- k) Line 25 – Administrative Costs – The subtotal of administrative costs reported on lines 15-24 is calculated automatically. This calculation is populated in the Income Statement Worksheet under the Administrative Costs Expenses.

### **3) Indirect Other**

- a) Line 27 – Indirect Other – Enter any remaining personnel and non-personnel costs that have not been reported in section 1 or 2 above. These are generally overhead costs that are difficult to attribute to any single project of an organization (e.g., accounting and legal services, administrative oversight, fundraising, IT support, and utilities).

### **4) Total Other Costs**

- a) Line 29 – Total Other Costs – The sum of the subtotals for program costs, administrative costs, and indirect costs is automatically calculated.

## In-Kind Costs Worksheet

This worksheet is used to assign an estimated value to program, administrative, and other costs that are provided to the SBHC in-kind or donated at no charge. These calculations populate the Income Statement Worksheet where they are reported as both in-kind revenue in the revenue section and in-kind cost expenses in the expense section.

### **5) Staffing Costs**

- a) Lines 7-12 – From the pull-down list, select the in-kind position(s) that will be working for the SBHC. Enter an estimate for the salary and benefit for each in-kind position’s full time equivalent (FTE).

### **6) Program Costs**

- a) Line 14 – Consultants – Estimate the value of any donated consultant services to be offered.

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- b) Line 15 – Medical Supplies – Estimate the value of any medical supplies that will be donated to the SBHC.
- c) Line 16 – Lab Services – Estimate the value of any lab services that will be performed for the SBHC free of charge.
- d) Line 17 – Pharmacy Costs – Estimate the value of any prescription medications that will be donated to the SBHC.
- e) Line 18 – Education Materials – Estimate the value of any education materials that will be donated to the SBHC.
- f) Line 19 – Subtotal Program Costs – The subtotal of In-Kind Program Cost is automatically calculated.

### 7) Administrative Costs

- a) Line 21 – Office Supplies – Estimate the value of any office supplies that will be donated to the SBHC.
- b) Line 22 – Minor Equipment/Furniture – Estimate the value of any minor equipment or furniture that will be donated to the SBHC.
- c) Line 23 – Travel/Education/Training – Estimate the value of business travel, registration fees, or continuing education training that will be provided without charge to SBHC staff.
- d) Line 24 – Phone/Cell/Internet – Estimate the value of phone, cell, or internet service that is will be provided to the SBHC without charge.
- e) Line 25 – Lease, Rent, and Utilities – Estimate the value of clinic and office space, utilities, and use of leased equipment that will be provided to the SBHC without charge.
- f) Line 26 – Licenses/Memberships – Estimate the value of any licensure or membership fees that will be provided to the SBHC or staff without charge.
- g) Line 27 – Information Technology – Estimate the value of information technology goods and services that will be provided to the SBHC without charge.
- h) Line 28 – Malpractice Insurance – Estimate the value of liability and malpractice insurance that is provided without charge to the SBHC (i.e. Federal Torte Claims for FQHCs).
- i) Line 29 – Depreciation – Estimate the value of the annual depreciation on large capital SBHC related expenses for which the SBHC will not be charged.
- j) Line 30 – Miscellaneous Other – Estimate the value of any other donated goods or services that will be provided to the SBHC.
- k) Line 31 – Indirect Other – Enter any remaining in-kind personnel and non-personnel costs that have not been reported in section 5, 6, or 7. These are generally overhead costs that are difficult to attribute to any single project of an organization (e.g., accounting and legal services, administrative oversight, fundraising, IT support, and utilities).
- l) Line 32 – Subtotal Administrative Costs – The sum of the amounts reported on lines 21-33 are automatically calculated.



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### **8) Total Other In-Kind Costs**

- a) Line 35 – Total Other In-Kind Costs – The sum of the in-kind subtotals for staffing costs, program costs, administrative costs, and indirect costs is automatically calculated. This total is reported on the Income Statement Worksheet as both In-Kind Revenue and In-Kind Costs Expenses.

### **Income Statement Worksheet**

This sheet displays the estimated revenue and expenses the SBHC should expect to incur given the data that was entered in the previous worksheets. Sustainable SBHCs rely on a diversity of stable and predictable funding sources, maximize patient revenue, and right-size the role of grants to support operations for the long-term.