



## **Revenue Growth: Reducing reliance on a single funding source**

*Presented by:*

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*Community Health Center, Summit County, Ohio*

*The First National Conference of the  
State Associations of Addiction Services*

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*The Westin Michigan Avenue*

*Chicago, Illinois*

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## **Today's Presentation**

- Short examination as to why diversification is necessary in today's economic climate
- Introduction of ways the Community Health Center has diversified to increase revenues

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**How did the Community  
Health Center come to the  
decision of revenue  
diversification?**



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### Why Diversify?

- When an organization is financially dependent on a very few resources, any single negative change can have a huge impact on the organization
- If an organization is primarily dependent on tax resources

**Tax Revenues =**  
*economic condition, local politics  
 & election year issues*

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- Bottom Line: Tax revenue growth will continue to be modest through FY 2006-07
- Tax revenues/spending typically lag 6 quarters behind the recovery
- Increased energy costs, inflation, rising interest rates and international instability and job outsourcing are of ongoing concern

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### Federal Budget deficit & mandates

- Federal Government went from **\$236 billion surplus** in 2000 to **\$427 billion deficit** in FY 2005
- Deficits, low tax revenues, Katrina and increased defense and homeland security spending mean cuts in spending on AoD Treatment, health, social services, education funding and housing

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### Impact of unfunded mandates

- National Conference of State Legislators estimated unfunded mandates cost states \$29 billion in 2004
- Using Ohio as an example, from 2000-2005, unfunded mandates such as HIPAA, have cost \$5 billion, or 5.4% of Ohio's general revenue budget

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- On top of the preceding Federal & State news, my agency as many, exists in mature systems with regard to local levies and state general revenue funding
- Like many AoD Agencies, we are supported in part by local levies.

*Levies, levies, levies*

An excerpt from an Akron Beacon Journal article

But be that as it may, many folks are just plain strapped. Too much is being asked of too few as far as funding schools, and property owners (who do not get tax abatements like businesses do - who do you think picks up that slack?) just do not want to take it anymore. This is why many levies have repeatedly failed. And by a district continually putting a levy on the ballot, it shows two things: Whoever is in charge has no backup plans in the event a levy fails, which is poor judgment indeed; and sadly, a person's vote in this area no longer matters.

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- Funders at all levels have been hard pressed to maintain tax support to meet provider missions
- every year providers request more support and rarely develop new revenue sources
- To survive providers must keep up with inflation
- Providers are pressed to meet the cost benefits/raises, provide building maintenance, technology upgrades, inflationary pressures, etc.

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**Non-Traditional  
"Product Lines"**



**SAAS**  
STATE ASSOCIATIONS  
OF ADDICTION SERVICES

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**Community Health Center  
Family Practice**

- *Focusing on the Future of **Your Family***
- Established general family practice
  - We already offered healthcare to patients
  - Expand to general public/staff & families
- Accept most insurance plans
- Offer same healthcare services as any general practitioner's office
- Plus some more specialty services such as immunizations, flu shots, Hep A & B Vaccinations, EAP, drug screening and laser services

**SAAS**  
STATE ASSOCIATIONS  
OF ADDICTION SERVICES

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## Laser Treatment Services

- An added benefit to the Family Practice
- Attract larger clientele for upscale services such as:
  - *Tattoo removal*
  - *Birthmark and age spot removal*
  - *Facial rejuvenation and hair reduction*
- Benefits:
  - *No billing, collect payment same-day*
  - *Sliding fee scale for AoD patients only*
  - *full price for general public anywhere between \$25 - \$250 per treatment*




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## Community Health Center FOUNDATION

- Sister corporation – responsible for fundraising and education
- Holds two public fundraisers per year
- Recently created a committee to stimulate large corporate donations
- Has raised over \$550,000 in donations since 1985

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- October 26 & 27, 2006 in Chicago
- National conference to focus on Hepatitis C, HIV and blood borne pathogens
- Bring attention to issues that are critically important to our patient population and treatment agencies everywhere

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## KidSpace



- Licensed childcare facility
- Improves staff retention by offering discounted child care
- Added services to CHC patients include:
  - Childcare while in treatment and/or at work
  - Information on parenting and childcare skills
  - Children can participate in groups and participate in developmental activities
- Type of funding: Title XX, self pay, other grants

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- Innovative HIV Program for the "at-risk" minority population; plus HCV patients & IV drug users
- Blends substance abuse treatment with HIV programming to meet the needs of individual and family members
- Also offers 8 units of group housing
- Gate House serves over 180 patients
- Type of funding: Federal; CSAT, HUD

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Ohio Multi-County Development Corporation

- Starting a Community Development Corporation (CDC) enables you to begin new business ventures
- The OMCDC is also a CHODO (Community Housing Development Corp.) and manages and develops housing grants
- The OMCDC has expanded our services to a 9-county radius




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## CommStaff

- Full service temporary staffing agency owned by OMCDC
- Serviced 22 companies in 2005
- About 600 prospective employees enrolled for services
- FY 2005 gross sales total \$667,178.35
- [www.commstaff.com](http://www.commstaff.com)

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## Kenmore Storage Facility

*Purchased – September 2004*

**PROBLEM:**

- Total annual CHC records storage was costing over **\$12,000** and was growing

**SOLUTION:**

- Mini-storage facility that has current tenants and room for CHC storage
- The purchase of this facility turns an annual cost center into a revenue neutral and/or revenue generating venture

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## Rental Property



- This building serves as space for some CHC programs and other businesses
- 25,000 sq. ft.. 16 tenants
- 24,180 cars pass our businesses, their advertisements and signs every day

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## Housing

- Enables you to provide more services to your current patient population
- Expands market share and grows your organization's programming
- Allows opportunities for new funding sources

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## Housing Stats

Currently the CHC has 218 units  
of available housing  
Located in 3 counties

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## HUD 811 Housing

- This type of housing enables SAMI (*Substance Abusing Mentally Ill*) individuals a with a permanent or group home
- The Community Health Center has 6 SAMI housing programs funded through HUD 811 housing grants

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## Peachtree Estates



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## Pheasant's Run & Quail's Nest

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## Meadowlark Lane

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## Summit Terrace



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## Wren's Way



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## Fox Drive I & II

- 8 units of housing for HIV/AIDS patients.
- Two anonymous locations in Akron, Ohio

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### HUD 202 Housing

- Housing specifically for the low-income elderly population
- Currently, the Community Health Center has one 202 housing project

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### Pigeon Creek



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### Tax Credit Projects

- Tax credit projects provide new revenue sources, both short and long term
- Rehab slum buildings
- Provide quality housing to the poor
- The Community Health Center currently is the majority owner of two tax credit projects

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## Nela Manor II, LLC



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## Covington Gardens LLC



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## Supportive Housing Program (SHP)

- SHP funding allows you to customize housing for your patients' needs
- The Ohio Dept. of Development allocates funds in Summit County
- Helps provide supportive services to housing tenants
- The Community Health Center has four housing programs supported by SHP funding

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## HOPE I & II

- 12 single units located at scattered sites around Summit County
- CHC furnishes unit, tenant is given furnishings after "graduation" from program

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## Private Sector Projects



### Horizon House

- Targeting young, homeless adults ages 18-22
- Two year transitional program to bridge the gap between older adolescence and adulthood
- Funding: Private donations, CHC Foundation

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**How do we decide on new product lines/services to attract new revenue sources?**




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## Identify the Need

### We identify services that:

- Our patient population needs
- Reduce barriers to patient recovery and reintegrate them into society
- Bring new revenue streams and/or reduce expenses

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## The difficulty with diversification

- Change is difficult and painful
  - “We have never done that before
  - Changes corporate structure – “us vs. them”
  - Requires new skills and learning curve

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## Things to keep in mind

- It is often difficult to mix new/non-traditional programs and services with existing programs (treatment & housing)
- The Board of Directors and Management must understand the new business needs and be involved in new programming/regulatory directions
- A distinct plan must be laid out along with staffing qualifications and timelines

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### Business considerations when broadening service base

- Restructure accounting and records systems
  - Bookkeeping and debt/cash flow will change
  - Make sure you have a line of credit that will support your growth
- Keep new product lines separate from traditional services
  - Consider new and independent marketing avenues from current services
- May want to retrain and/or acquire new staff for new product line

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### Diversification impact on CHC Mission

- We offer more healthcare and life options for our patients and their families
  - Housing has broadened our scope of care
  - Primary health care has improved patient outcomes, increased market share and our bottom line
- Staff moral has been enhanced by witnessing more comprehensive programming and positive outcomes

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## Questions?

### Learn more:

Community Health Center  
[www.commhealthcenter.org](http://www.commhealthcenter.org)

OMCDC

[www.omcdc.org](http://www.omcdc.org)

CommStaff

[www.commstaff.com](http://www.commstaff.com)

Blood Borne National Conference

[www.bloodborne.org](http://www.bloodborne.org)

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