SBHC Funding & Financial Modeling

Funding Models

SBHCs present a significant opportunity to increase access to health care for Washington's children and youth, particularly those with barriers to accessing care in the community. By design, to ensure access to care, SBHCs provide services to all students in a school regardless of insurance status or ability to pay. For many SBHCs, this means services are provided at no out-of-pocket cost to students or their families, particularly if there is grant funding available to help cover costs. Depending on resources available and local decision-making, some SBHCs may collect insurance co-pays where possible, charge nominal fees for certain services (e.g. sports physicals), and/or charge for services on a sliding scale to help sustain operations.

SBHCs in Washington have been supported by funding from a variety of sources, some examples noted below.

Capital funding

Funding for renovation or new construction for SBHCs has been provided in a variety of ways in communities across Washington, such as:

- **School districts** providing funds, labor, and materials for renovations, or building clinic space into new school construction, in consideration of the benefit to the district
- **Healthcare sponsor** contributions to SBHC renovation
- **Private donor and local business** contributions of funding or in-kind labor and materials
- **Local levies**
- **State capital budget**
- **Federal funding** e.g. HRSA capital funding for SBHCs

Operational Funding

SBHCs in Washington may use a number of ways to fund SBHC operations, including:

- **Medicaid and third-party insurance billing**
- **Local levies**, including in Seattle and King County where levy dollars support up to 70% of SBHCs' operating costs and have allowed for significant expansion of the model over the past 30 years
- **Federal funding** e.g. HRSA operational funding of SBHCs
- **In-kind contributions of healthcare sponsors**
- **In-kind support of school districts** through e.g. free or low-cost rent, utilities and maintenance in consideration of the benefit to the district
- **Private grants and donations**
- **Coming: State grant funding** through the Washington State Department of Health (DOH) following passage of SBHC legislation in 2021 (RCW 43.70.825)

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Budgeting Assumptions

Most sponsoring healthcare agencies will have their own systems and methods for budgeting and developing financial projections. To anticipate SBHC operational costs vs. revenue, potential SBHC sponsors might consider the following:

Productivity Expectations

The SBHC model of care is youth-centered and relationship-based, which generally means longer appointments and lower productivity expectations than in a community clinic. To best serve students in a school setting, SBHCs may spend significant amounts of time in outreach and in coordinating with families, school staff, and community providers. They may also provide prevention and population-based health education and support within the school. These valuable services that SBHCs provide to support students, their families, and school staff may not be billable to insurance, and other sources of funding may be needed for SBHC services to be sustainable over time.

Example productivity expectations. While expectations will differ by healthcare sponsor and school, here are example productivity expectations of SBHC sponsors operating in King County that receive levy funding (for the 2019-2020 school year):

Productivity	**Middle/High**	Average 10 medical encounters / 1.0 FTE / day Average 4.5 mental health encounters / 1.0 FTE / day
	Elementary	Average of 6 medical encounters / 1.0 FTE / day Average of 4 mental health encounters / 1.0 FTE / day
	Alternative High School	Average of 5 medical encounters / 1.0 FTE / day Average of 3 mental health encounters / 1.0 FTE / day

These average productivity targets are based on an 8-hour work day, 7-hour school day, and 85% of the total school days with students present per year (180 x .85 = 153). *The 85% accounts for days when students will not be available to be pulled from class for appointments due to testing, field trips, student absences, provider PTO, etc.*

SBHC Service Utilization

How many students in a school will actually use the SBHC? This may depend on the size and demographics of the school, the SBHC's model of care and hours of operations, the SBHC's outreach strategy, and collaboration with the school nurse and other school staff.

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School Demographics and Medicaid Eligibility. You can use a school's low-income rate (per OSPI's Washington School Report Card) as a proxy for the percentage of students who are Medicaid-eligible. The larger the school's Medicaid-eligible population, the more students may be in need of and utilize SBHC services, and the easier it may be for the SBHC to bill and receive reimbursement for SBHC services. This may be particularly true at the high school level, since a student's Medicaid coverage can be verified online by SBHC staff whereas private insurance information needs to be provided by students' families during enrollment in the SBHC. Families tend to be less involved at the high school level, or may enroll their students in the SBHC but not provide complete insurance information.

Example Utilization. This data is approximate given shifting enrollment throughout the year, but below are some utilization data for the 2017-2018 school year in King County SBHCs:

High Schools:

- % of student body using SBHC: 20-50% (higher in schools with higher low-income rates)
- % of student body using SBHC for medical: 20-50%
- % of student body using SBHC for mental health: 10-20%
- Avg number of visits per medical user: 3.4
- Avg number of visits per mental health user: 6.4

Middle schools:

- % of student body using SBHC: 30-50% (higher in schools with higher low-income rates)
- % of student body using SBHC for medical: 30-50%
- % of student body using SBHC for mental health: 5-22%
- Avg number of visits per medical user: 2.1
- Avg number of visits per mental health user: 8.6

Elementary schools:

- % of student body using SBHC: 20-60% (higher in schools with higher low-income rates)
- % of student body using SBHC for medical: 20-60%
- % of student body using SBHC for mental health: 5-10%
- Avg number of visits per medical user: 2.4
- Avg number of visits per mental health user: 15.4

Other Budgeting Assumptions

If a SBHC sponsor is just getting started and beginning to draft the expected operating costs and the expected revenue, the following questions can be considered based on the pediatric and/or family

practice services in their primary care clinics (if they are currently operating a clinic in the community). If the SBHC sponsor is not currently providing health care in the community, then learning from an existing SBHC or community-based clinic in a community like theirs will be beneficial in initial budget planning.

- Average reimbursement rate for medical and mental health visits under Medicaid?
- Average reimbursement rate for medical and mental health visits under private insurer?
- Average reimbursement rate for medical and mental health visits under Medicaid?
- What is the typical payor mix for medical and mental health services?
- What percent of the payor mix is anticipated to be uninsured (not reimbursable) for both medical and mental health services?
- What percent of the services are anticipated to be provided confidentially and not reimbursable) for both medical and mental health services?
- What is the SBHC's standard performance target for visits per day for both medical and mental health services?
- When do you expect the SBHC to meet its standard performance targets? *Will it happen in Year 2 of operations or halfway through Year 1?*
- What is the median medical provider's annual salary in your community?
- What is the median mental health provider's annual salary in your community?
- What is the median clinic coordinator's annual salary in your community?
- Will you furlough staff in the summer or operate year-round? This will determine the annual vs. school year FTE.

Leverage Knowledge of Existing SBHC Sponsors

Building your financial model will include key assumptions around your anticipated revenue as well as your planned set-up and ongoing operational costs. Learning from those who have started up and are currently operating SBHCs will help you avoid some of the expensive start-up lessons and growing pains that others have faced. Consider scheduling some time with a current SBHC sponsor that has a similar funding model and is operating in a community that looks similar to yours. They can share lessons and strategies to maximize program income through appropriate billing for eligible services.