



# PRISM HEALTH

Inclusive health and wellness services for all those seeking compassionate care



Prism 2.0  
BUSINESS PLAN

YCAIP

# Prism 2.0

## BUSINESS PLAN

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**Cascade AIDS Project** is a non-profit organization that was founded in 1985 as a grassroots response to the AIDS crisis. As the oldest and largest community-based HIV services provider in Oregon and Southwest Washington, we seek to support and empower all people with or affected by HIV, reduce stigma, and provide the LGBTQ+ community and beyond with compassionate healthcare. We do so by helping to ensure the health and well-being of our program participants each year through health, housing, and other social services. When the need for affordable, accessible, and culturally affirming primary care and behavioral health services was identified as a community need, we responded by opening Prism Health in 2017.

**Prism Health** provides high quality, affordable, and accessible health care for all, with a focus on serving individuals who identify as lesbian, gay, bisexual, transgender, queer, plus all other gender and sexual minorities (LGBTQ+). All of Prism services aim to reach the most vulnerable – and provide inclusive health and wellness services for all those seeking compassionate care – those living below the poverty line, communities of color, homeless or unstably housed individuals, and people experiencing mental health and/or addiction issues.

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## EXECUTIVE SUMMARY

**Introduction** We are at a pivotal time in our organization’s history. Cascade AIDS Project (CAP) has evolved from its early days as an AIDS service organization into an innovative and equity-centered healthcare and social services agency that opens its doors wider each year. Our internal racial equity and social justice work has led us to focus more explicitly on addressing the needs of people of color and their intersections with the LGBTQ+ community. We are continuing to grow and expand our Prism Health business, and we remain fully committed to serving all those in need of compassionate care, especially those in the BIPOC community (Black, Indigenous, and people of color). In 2022, we are expanding our impact to a second Prism Health location and will be offering primary care and behavioral health services to the Boise-Eliot neighborhood of Northeast Portland.

**Purpose** The purpose of this business plan is to lay out our vision for “Prism 2.0” and explain how this new clinic will help CAP effectively translate our strategic goals into a sustainable business opportunity. We also want to provide our management and staff with a common road map and ensure that all parties are working together toward a set of shared goals. Lastly, because this project entails entering into a joint, lease-to-own venture with a for-profit investor, we need to obtain approval for this business plan from our Board of Directors in order to move forward with the investment transaction.

**Background** Back in 2017, CAP launched Prism Health, a primary care and behavioral health medical practice to meet the needs of our region’s LGBTQ+ community with compassionate care in a non-judgmental, safe environment, with medical staff trained in health issues unique to the LGBTQ+ community. Our current Prism Health clinic is located in the Buckman Neighborhood of SE Portland, in a 7,568-square-foot, CAP-owned building.

**Market / Needs Assessment and Strategy** The proposed new clinic’s location is situated on 15 North Morris Street, on the cross streets of Morris and Williams, in the heart of a historically significant area for Portland’s Black community. This location has the potential for significantly increasing our reach into communities of color while remaining accessible to our existing core constituencies. Formerly occupied by the NARA Indian Health Clinic, it is zoned for medical use and has the existing infrastructure needed for the operation of a clinic, both factors that will reduce the timeline and cost of renovation. The demographics of the surrounding area have significantly more people of color than other Portland neighborhoods (31.2% vs. an average of 17.45%), and Boise-Eliot remains an important cultural center for the Black community due to the presence of Dawson Park—a historical gathering place and social justice heritage site. The clinic’s adjacency to public housing also increases the chances of serving a higher percentage of Medicaid patients—which will generate higher profitability, strengthen the financial sustainability of the clinic, and increase the likelihood of obtaining Section 330 FQHC

grant funding. Our business model will continue to rely on 340B Pharmacy revenue as a fundamental component of sustainability. Pricing of drugs under the 340B program generates an internal surplus that largely offsets deficits of Prism Health operations and makes the practice economically feasible. Fundraising—including foundation grants and individual contributions—will become a more important component of the model with greater growth potential, as we begin delivering broader services to an increasing population base. As a key next step in the business development process, CAP is investigating and developing a new marketing, branding, and communication strategy to reflect the expansion of our mission and services.

**Financial Plan and Funding Requirements** Our Pro Forma financial projections utilize a combination of 1) Average Revenue per Provider FTE (based on Prism Belmont's FY21 actual results), 2) a gross up factor for FY23 revenue figures by service line, and 3) a ramp-up plan by quarter to account for the time it will take for new providers to come up to full capacity and optimal productivity levels. Assumptions on the expense side are conservative. The staffing expenses are based on a detailed multi-year staffing plan put together by our Medical Director—Connie Silverman, and among other estimates, we've set aside \$100K for Advertising and Outreach. Overall projected net income for the first year of Prism 2.0 is a loss of \$39K. Considering that is less than 0.8% of the projected FY23 revenue figure, we can conclude this is essentially a break-even budget.

In the deal structure, CAP proposes entering into a joint venture with a for-profit investor to purchase a 25% share of the property (equal to \$318K). The investor (Apex Holding 6, LLC) will lease the property to CAP with an option to purchase in year (5) five. If the option to purchase is executed, CAP's total equity contribution to the project will be \$505K. The total project cost with estimated additional tenant improvements and startup expenses is estimated to be approximately \$750K to \$1M over five years. CAP's CEO will work closely with the Chief Development Officer and Board Development Committee to design and recommend a multi-pronged 5-year capital campaign strategy for review and approval of the Board of Directors.

**Business Plan Implementation Timeline** The due diligence and inspection period ends on December 17<sup>th</sup>, and we are targeting January 17<sup>th</sup> for the close date. From January through July of 2022, we will be engaged in permitting and construction, as well as recruiting, hiring and credentialing of new staff. Our proposed lease start date and open of business is slated for August 1<sup>st</sup>.

**Final Recommendations** This is an historic moment for Cascade AIDS Project. The needs of the people who count on us are shifting; racial equity has assumed a central role in our collective consciousness; the current policy, political, and health care landscape remains unsettled; and the COVID-19 pandemic has posed unprecedented challenges to us all. CAP is rising to the occasion, introducing a bold but realistic plan for expansion, and embracing this extraordinary opportunity to increase our impact and deliver on the full promise of our mission, now and tomorrow. We request with humility that the Board of Directors for Cascade AIDS Project affirm our commitment to the goals and strategies laid out in this plan, and unanimously approve of this investment transaction.

# BACKGROUND

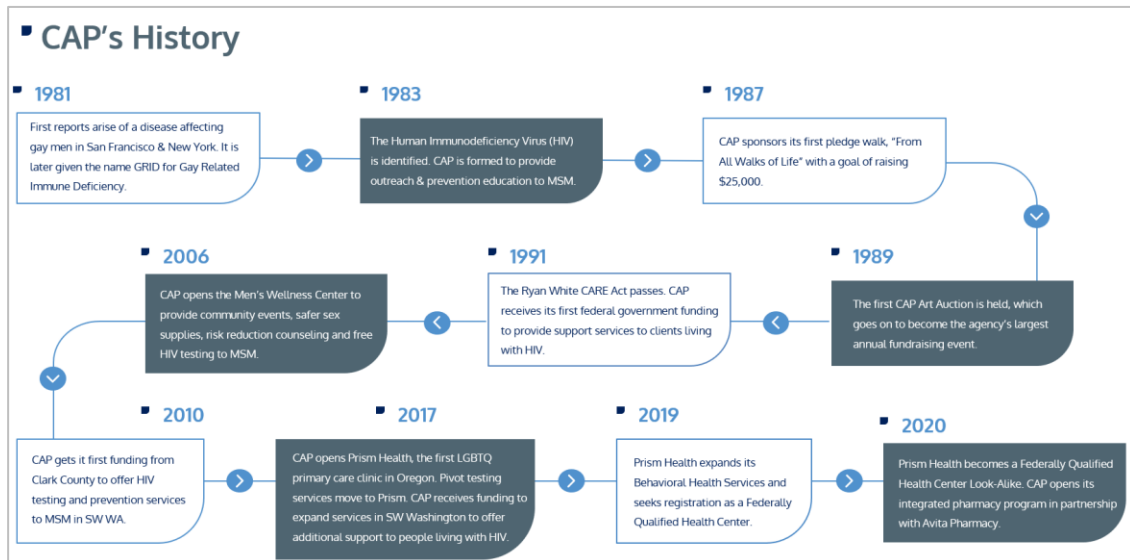
## Mission, Vision and Strategic Direction

In fiscal year 2020, as a result of our strategic planning process, CAP revised its mission and vision to better reflect the organization's expanding role in the community as a health-services provider.

### CAP's Mission & Vision

**MISSION:** We promote well-being and advance equity by providing inclusive health and wellness services for LGBTQ+ people, people affected by HIV, and all those seeking compassionate care.

**VISION:** We envision a world full of Healthy, Inclusive & Empowered Communities.



FOR OVER THIRTY FIVE YEARS, Cascade AIDS Project (CAP) has been a central force in the Portland region's response to HIV/AIDS. Rising from grassroots in the LGBTQ+ community, CAP has grown into a mature healthcare and social service provider, with deep operational capacity, an array of public and private sector partnerships, and an established track record of improving the health and welfare of marginalized communities in the region.

Following a comprehensive planning process, CAP launched a new initiative in 2017: Prism Health, a primary care and behavioral health medical practice to meet the needs of our region's LGBTQ+ community. We envisioned that Prism would be the hub for an integrated set of health and wellness services aimed at improving the health status of



LGBTQ+ people in the region and improving health outcomes. This initiative constituted an expansion of CAP's mission beyond its traditional focus on HIV, but we maintained our commitment to delivering a wide range of HIV support and prevention services to the Portland Metro Region and SW Washington community.

We established Prism Health as a non-judgmental, safe environment for LGBTQ+ people, with a medical staff trained in health issues affecting the community. Emphasis was placed on eliminating stigma, which can compromise care for LGBTQ+ people in conventional settings, as well as coordinating care across a qualified referral network and community-based health promotion efforts. These services built upon several of CAP's existing strengths as an organization, including cultural responsiveness to LGBTQ+ and communities of color, a track record of addressing health inequities, coordination of a spectrum of client services, and deep partnerships in the public and healthcare sectors. CAP was ideally positioned to fill this essential role in the region's healthcare system.

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## 5 YEARS LATER, WHAT'S NEXT?

WE CONTINUE TO BE Oregon and SW Washington's oldest and largest community-based provider of HIV social services and have expanded our mission to advance equity and promote well-being for LGBTQ+ people, people affected by HIV, and all those seeking compassionate care. Building on our long history of providing a robust set of HIV social services, we now operate a Federally Qualified Health Center Look Alike (FQHCLA) that provides the safe, non-judgmental primary care and behavioral health services that our community needs and deserves.

Throughout this journey of growth and expansion, CAP has been intentional about building a plan for organizational sustainability. We have focused on how to diversify revenue, remain relevant, and gain a stronger understanding of where we may become more efficient, all while building necessary infrastructure. To support this growth in programmatic reach, CAP has increased capacity by adding additional administrative staff in Finance, Human Resources, and Operations - Information Technology. We have also made major investments in new systems and digital transformation technologies such as Sage Intacct (Accounting), Paycom (HR & payroll), Culture Amp (Engagement, Recognition, Performance Management), Relias (Training), Compliatric (FQHC Compliance), and Microsoft 365 (cloud services).

From our earliest days, we have had to be nimble and adapt to the changing face and impact of HIV in our region. We continue to do so, by analyzing the needs of the communities we serve, conducting assessments of the existing landscape, understanding the role of our community partners and where we might best align for greater impact, and then determining how CAP might best play a meaningful role in addressing the health inequities in our region.

Our strategy for Prism Health moving forward is to not only focus on



increasing access to services and expanding to multiple sites, but transforming how those services are delivered in order to improve health outcomes, patient satisfaction as well as the efficiency of service delivery. We see our role as working to dismantle barriers to health equity, and our ongoing commitment is to ensure that racial equity and justice remain an integral part of our internal culture and external mission.

## Overview of CAP's Programs, Services, and Facilities

CAP helps ensure the well-being of approximately 15,000 people each year through critical health, housing, and other social services. These include:

- **HIV/STI testing and prevention:** CAP distributes safer-sex materials such as condoms, assists clients with accessing PrEP (a once-a-day pill to prevent HIV), and offers accessible HIV/STI testing at clinics and in the community. Our agency provides testing for HIV/STIs to thousands of people annually, more than three-quarters of whom are at-risk men who have sex with men.
- **Treatment as Prevention, including linkage to medical care** for people who have recently been diagnosed with HIV, HIV-positive people recently released from prison, and HIV-positive people who have been out of treatment for over six months. In addition, CAP provides one-on-one counseling and group social support for all people living with HIV.
- **Insurance assistance:** Our Benefits Navigation team assists clients and community members with enrolling in Oregon Health Plan and Oregon Health Insurance Marketplace plans, and with utilizing benefits.
- **Comprehensive housing support** for people living with HIV, including short- and long-term housing support and emergency rental assistance. Each year, we serve hundreds of people living with HIV and experiencing homelessness or housing instability, many of whom are also struggling with challenges such as mental illness and substance-use disorder.
- **Mental-health services, including peer support** for people struggling with their HIV diagnosis, acute mental-health issues, and substance abuse, as well as culturally responsive counseling for LGBTQ+ people.
- **Culturally specific LGBTQ+ healthcare:** Prism Health is the only nonprofit LGBTQ+ health center providing comprehensive primary and behavioral healthcare in the Pacific Northwest (Oregon, Washington, and Idaho). Since opening its doors in 2017, Prism has become a model for culturally-specific care and now serves over 3,000 patients.
- **Public-policy advocacy:** CAP advances the agenda of people living with HIV and the LGBTQ+ community by educating policymakers in Salem and Washington, D.C. about a variety of issues impacting our program participants, from the criminalization of HIV, to prescription-drug costs, to affordable housing.

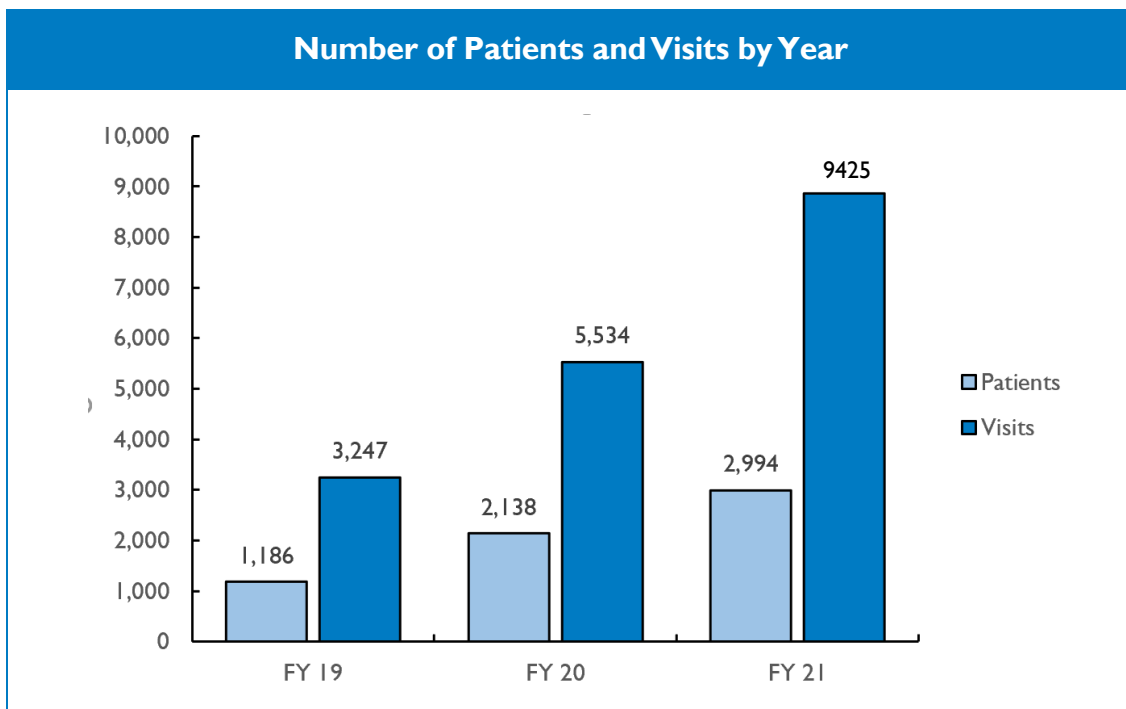
CAP provides its services across four sites: our main office in Portland’s city center, Prism Health in Southeast Portland, and offices in Vancouver and Longview, Washington.

Location	Square Footage	Own? / Lease?
Davis Street	19,848	Lease
Prism Belmont	7,568	Own
Vancouver	7,514	Lease
Longview	1,444	Lease

### Review of Prism Health Operations

PRISM HEALTH is located in a 7,568-square-foot, CAP-owned building featuring a waiting room, ten exam rooms, a laboratory, a pharmacy, and three rooms for behavioral-health therapy, as well as administrative space such as offices and conference rooms. Prism employs four physical-healthcare and three behavioral-healthcare providers. These providers receive support from two registered nurses—including an RN Gender Care Coordinator, who focuses on transgender and nonbinary patients—and five medical assistants. The health center’s administrative staff includes a medical director, a clinic manager, an Epic site specialist, and three medical receptionists. Prism currently has 3,461 primary-healthcare patients. Of these, more than 90% are LGBTQ+ and 35% are transgender or non-binary. Approximately one in five primary-care patients are non-White and 11% are Hispanic/Latinx. The health center has 274 behavioral-healthcare patients. Among this population, 94% are LGBTQ+ and 64% are transgender or non-binary. One in four behavioral-health patients are non-White and 12% are Hispanic/Latinx.

Volume	FY 19	FY 20	FY 21
Total Number of Patients	1,186	2,138	2,994
Total Number of Visits	3,247	5,534	9,425



## Types of FQHC Clinics: Key Differences & Similarities

Prism Health is an **FQHC Look-Alike**, which is a type of “Federally Qualified Health Center” or **FQHC clinic**. FQHC clinics serve as a safety net for underserved, uninsured, and homeless individuals and families in the US. As community-driven and non-profit healthcare providers, FQHC clinics are dedicated to serving communities with limited access to medical care, regardless of their ability to pay.

### **3 DIFFERENT TYPES OF FQHC CLINICS:**

- 1) **Health centers (HCs)** are nonprofit public or private organizations that are funded by the Section 330 of the Public Health Service (PHS) Act. It caters to medically underserved community members including seasonal farm workers and migrants.
- 2) **FQHC Look-Alikes or FQHCLAs** are health centers that meet Health Center Program requirements but are not qualified to receive federal award or grant funding.
- 3) **FQHC clinics** are outpatient, low-cost clinics that receive grant funding under Section 330 of the Public Health Service Act. These clinics have specific reimbursement systems under Medicaid and Medicare.

### **For a health center to qualify for federal support, it must meet the following standards:**

- Provide services to everyone in their community, regardless of their ability to pay. These services include preventive health services, dental and mental health care, and even transportation services.
- Develop a sliding fee program
- Be a community based, public or a nonprofit organization
- Have a board of directors composed mainly of their patients
- Serve a medically underserved community or area
- Deliver comprehensive primary care services
- Have an ongoing quality assurance program

### **WHAT ARE THE BENEFITS OF BEING AN FQHC LOOK-ALIKE CLINIC?**

- Enhanced program in Medicare and Medicaid reimbursement
- Eligible to purchase non-prescription and prescription medications for outpatients through the 340 B Federal Drug Pricing Program
- Access to National Health Service Corps
- Access to the Vaccine for Children program
- Eligible for various other federal programs and grants
- Access to on-site eligibility workers to provide Medicaid and CHIP enrollment services
- Access to National Health Service Corps or NHSC dental, medical, and mental health providers

### **WHAT ADDITIONAL BENEFITS COME FROM BEING A FULL FQHC AND WHAT IS KEEPING US FROM BECOMING ONE?**

In addition to the federal government funding (Section 330), a full FQHC clinic also has the following benefits: 1) Up to **\$650,000** in annual grant funding, 2) Coverage in medical malpractice through the Federal Tort Claims Act

Organizations with the FQHC Look-Alike designation do not receive FQHC Program funding. In order to become a full FQHC, a Look-Alike must apply for Health Center Program New Access Point (NAP) grant funding, but only when it's available per an active funding announcement. NAP funding is based on Congressional appropriation, therefore it is not available every year.

# MARKET / NEEDS ASSESSMENT AND STRATEGY

## Growth & Expansion Opportunities

IN THIS SECTION, we present an overview of data on community needs and market factors related to CAP's strategy to expand compassionate healthcare services to those communities facing the greatest health disparities. As discussed above, CAP's initial strategy was built on its core competency of serving the LGBTQ+ community. As such, Prism Health was designed to focus on addressing the health disparities of that population. However, since opening Prism Health in 2017, a significant social awakening has occurred in our nation as a result of the murder, at the hands of police, of George Floyd, Breonna Taylor, Trayvon Martin, Laquan McDonald, Tamir Rice, Michael Brown, Philando Castile, Ezell Ford, Stephon Clark, Sandra Bland, Eric Garner, Dreasjon Reed, Ahmaud Arbery, and Atatiana Jefferson among many others, resulting in the emergence of the Black Lives Matter movement. (See <https://www.gonzaga.edu/about/offices-services/diversity-inclusion-community-equity/say-their-name>.) These upheavals and the resultant social movement exposed and further exacerbated the realities of the social, economic, and health inequities that communities of color, especially Black communities, face.

As a result, CAP has been building upon its racial equity and social justice work to focus more explicitly on addressing the needs of people of color, as well as the LGBTQ+ community and the intersections between them. Similarly, funders have changed their focus as well. Both philanthropic and governmental funding has shifted towards a more intersectional approach. For instance, the Center for Disease Control and Prevention (CDC), previously funded CAP to provide HIV testing services to a population comprised of gay, bisexual, and other men who have sex with men (MSM) generally without regard to racial or ethnic background. However, the most recent CDC grant awarded in 2021 mandates that the population served must be 75% gay, bisexual, and other MSM who are also members of the BIPOC communities.

As a result of CAP's internal refocusing on BIPOC communities and to better meet funder objectives, CAP is working to provide more services, including HIV prevention and testing services, to more people of color and communities that face the greatest barriers to preventative and care services. To do so, CAP is building on existing partnerships with culturally specific organizations that promote health equity within their own communities (such as the Urban League) as well as forging new partnerships with other community partners (e.g., Familias En Accion) to reach these communities in an authentic and non-transactional manner.

Additionally, as a Federally Qualified Health Center Look-Alike, Prism Health is mandated to provide services to the full life cycle of a patient—including pediatric and obstetrical care. (See Public Health Service Act, 42 U.S.C. § 330(b)(1)(A) “(i)Basic Health Services: (I) Health services related to family medicine, internal medicine, pediatrics, obstetrics or gynecology.... (III) Preventive Health Services, including...(cc) well child services”). The initial iteration of Prism Health was focused on primarily addressing the needs and health disparities of the LBQTQ+ community. Since opening, the demographics of the population seen at Prism Health have skewed younger than that of the general population and because of sexual orientation and gender identity is comprised of patients who typically do not access reproductive care in the same way as non-LGBTQ+ individuals of the same age.

We also have developed a strong reputation in the trans/non-binary/gender queer community for providing responsive and safe services. As a result, the look and feel of the clinic reflects this population. While being very supportive of the population, this focus also has created some obstacles for serving the full life cycle, especially pediatrics. There are concerns among staff that adding a pediatric practice to this location may inadvertently create a disincentive for trans/non-binary/gender queer patients (a very hard to reach population) from continuing to access services. Prism Health currently meets this obligation by serving adolescents fifteen (15) years old and above and through referral arrangements with other providers. However, our consultants have indicated that this is not a long-term solution.

As a result of these factors, CAP began to explore options for a new space in the fall of 2021. Most options presented did not meet core requirements for (1) affordability, (2) accessibility, and (3) demographic diversity. However, one location as discussed below did meet these requirements and has the potential for significantly increasing our reach into communities of color while remaining accessible to our existing core constituencies (the LBQTQ+ community and anyone seeking compassionate healthcare): 15 N. Morris Street.

## Prism 2.0 Property & Location

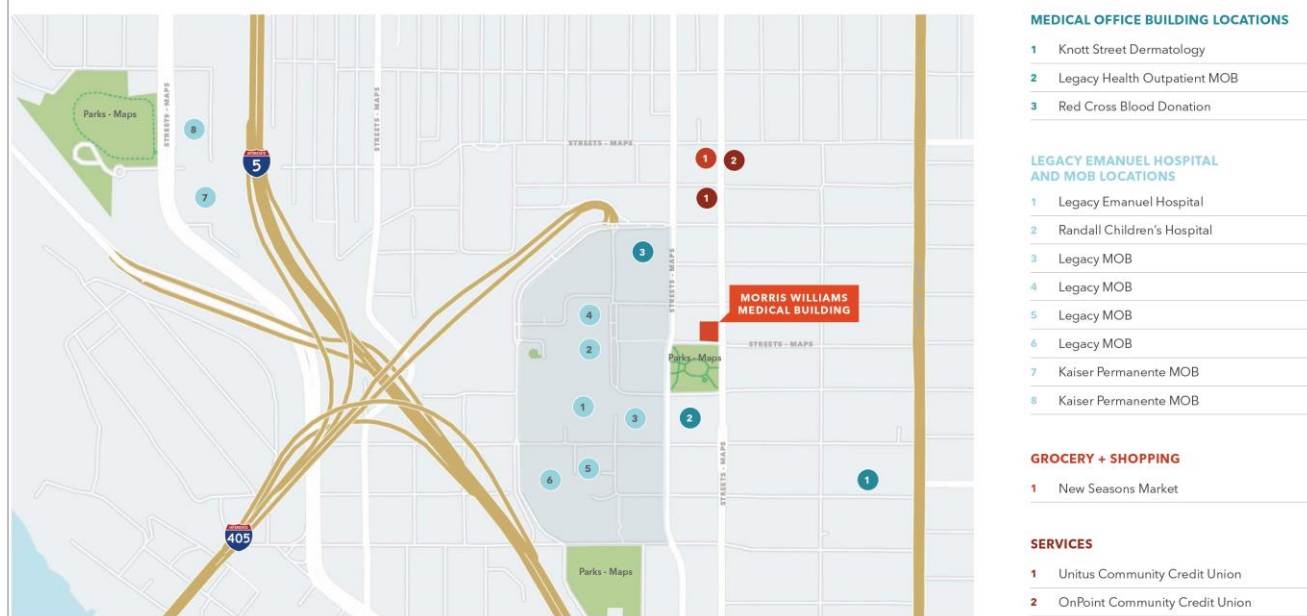
The location of the proposed new clinic, 15 N. Morris Street, has a number of advantages over other opportunities considered:

- a. The building is currently zoned as medical office and does not require a change in use permit, accelerating the timeline for opening;
- b. The building formerly housed the NARA Indian Health Clinic and we will be able to retain significant existing infrastructure needed for the operation of a clinic, decreasing renovation costs;

- c. The building is located within three (3) blocks of Legacy Emanuel Medical Center, a significant referral partner for current clinic operations and the location of our hospital admitting privileges; and
- d. The building is located on a significant transit corridor in inner North Portland with easy public transportation options; and
- e. The building is located in a historically significant neighborhood for Portland’s Black community.

Description of Area	Prism Belmont (number of)	Prism 2.0 (number of)
Medical Exam Rooms	10	9
Telehealth Rooms	0	2-3
Behavioral Health Therapy Rooms	3	3
Laboratory	1	1
Supply/Sterilization	1	1
Provider Pods	1	2
Administrative Offices	3	4
Pharmacy	1	1
Conference Room	1	1
Break Room	1	1
IT Room	1	1
<b>Total Square Footage</b>	<b>7,568</b>	<b>7,468</b>

### LOCATION MAP





## LOCATION AERIAL

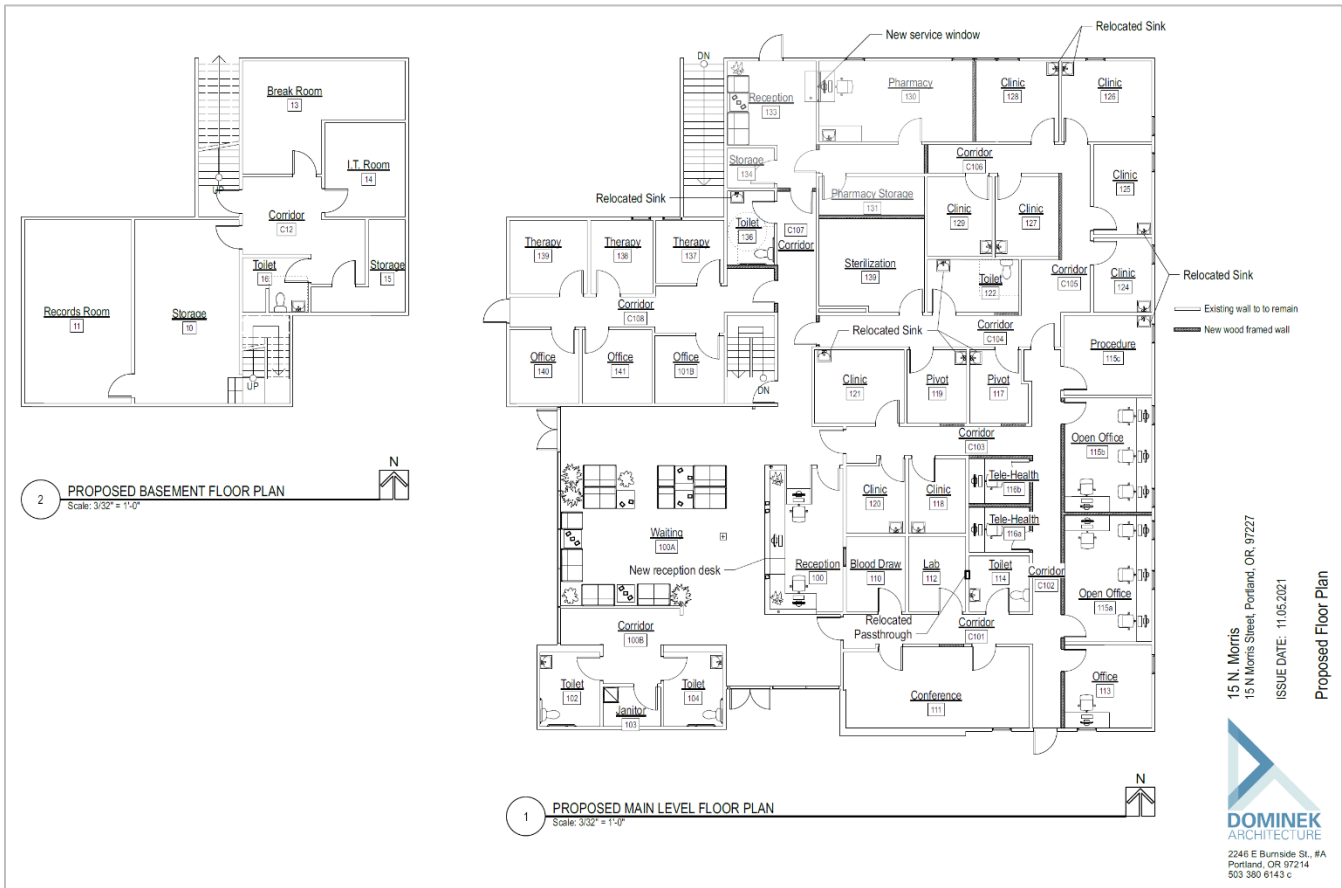


## PROPERTY PHOTOS





# PRISM 2.0 SPACE PLAN



**Note:** A larger version of this is available in the Appendices (see page 36 – Appendix A).

Each of the factors described above are important in siting the new location. However, the fact that it sits in the heart of the Portland’s historically Black community was paramount in our consideration. As noted above, increasing access to our services in BIPOC communities is a top strategic priority for CAP. The demographics of the surrounding area have significantly more people of color than other Portland neighborhoods (31.2% vs. an average of 17.45%) (CITE 2020 Census data/UDS data). Though the population of people of color has declined in the area since its peak in the 1960s (due to racist redevelopment policies promulgated by the City of Portland), the neighborhood remains an important cultural center for the Black community due the presence of Dawson Park—immediately opposite the new clinic location.

Since “the late 1940s, [Dawson Park] functioned as an unofficial town square for the surrounding African American community. The park was the epicenter of many political and social movements during the next 30 years. Robert F. Kennedy spoke here. Civil rights marches began here.” (See <https://www.portland.gov/parks/dawson-park>). In November 2013, a \$2.6 million renovation began, resulting in the park's closure for nearly a year. “City officials, aware of gentrification of the surrounding neighborhood, used community input to avoid ruining the park's role as a gathering place favored by African Americans. The upgraded park now includes a new playground and interactive water

feature, enhanced accessibility and lighting, and new barbecue and picnic areas. Dawson Park also includes double-sided medallions designed by Isaka Shamsud-Din, featuring traditional African patterns on one side and depictions of the neighborhood on the opposite side.” (See [https://en.wikipedia.org/wiki/Dawson\\_Park\\_\(Portland,\\_Oregon\)](https://en.wikipedia.org/wiki/Dawson_Park_(Portland,_Oregon)).) The proximity to Dawson Park as well as number Black churches also increases our opportunities for partnership with BIPOC community organizations.

**Other Considerations include the following:**

- (1) Change in CDC Funding:** As noted, new CDC funding mandates that our HIV/STI testing population be comprised of 75% gay, bisexual, and other MSM who are also people of color. This new location in a more racially diverse neighborhood will help facilitate meeting this funding mandate.
- (2) Family Practice / Full Life Cycle Requirements:** As noted, Prism Health must serve the full patient life-cycle. Opening a new clinic gives us an opportunity to adjust branding and trade dress to create space more welcoming to parents, caregivers, and their children. If authorized to move forward with the clinic, CAP will conduct outreach to the surrounding communities, including focus groups and surveys to determine how to best meet their needs. Additionally, CAP leadership will conduct a series of reverse site visits with other BIPOC/LGBTQ+ full life cycle clinics to better understand best practices for authentic engagement with these communities.
- (3) New Funding Opportunities:** The new clinic location is located immediately adjacent to public housing. This location not only increases access to needed healthcare for people living in public housing, but provides access to additional funding opportunities. Under Section 330 of the Public Health Service Act, Health Centers are eligible for grant funding to fund care for persons experiencing or at risk for homelessness, and residents of public housing. CAP will apply for any Section 330 expansion grant opportunities that may arise. Expanding services to residents of public housing will increase likelihood of obtaining grant funding to help underwrite operational costs. The typical grant for health centers is currently \$650,000 per year with allowances for one-time capital projects.
- (4) Sustainability:** This location will focus its patient recruitment efforts on the Medicaid population. Due to a number of factors, including its location, the original Prism Health has a smaller than average Medicaid population of approximately 35%. However, as an FQHC Prism Health was able to negotiate a very favorable Medicaid rate of \$307.65 per visit (as compared to an average of \$140.00 per visit for private insurance). This increased rate when coupled with a bigger Medicaid population will result in increased sustainability of project.

It is our belief that siting a new clinic in this location will serve multiple purposes of allowing CAP to 1) meet our obligations under the Public Health Service Act to serve the

full patient life cycle, 2) better reach communities of color for a range of services including HIV/STI testing, and 3) provide sustainability for the agency by increasing likelihood of obtaining Section 330 grant funding and increase Medicaid revenue. Additionally, the new location will allow us to expand access to compassionate healthcare for all and address the various health disparities faced by both the BIPOC and LGBTQ+ communities.

## BIPOC & LGBTQ+ Community Health Disparities

Generally, people of color face significant barriers to accessing care and have worse health outcomes as compared to Whites. The occurrence of preventable diseases in people of color is much higher than in White Americans because of lack of access to regular care. This is especially true for individuals who identify as both BIPOC and LGBTQ+.

### BIPOC Health Disparities:

**Chronic Disease:** Racial/ethnic minorities are 1.5 to 2.0 times more likely than Whites to have most of the major chronic diseases. Chronic diseases are also more common in the poor than the non-poor and this association is frequently mediated by race/ethnicity. (See <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3794652/>.)

**Diabetes:** Black Americans are 2.1 times more likely to get diabetes than White Americans and much more likely to experience complications due to the disease. Hispanic/Latinx Americans are more than twice as likely to get diabetes than White Americans. (See <https://minorityhealth.hhs.gov/omh/browse.aspx?lvl=4&lvlid=63>.)

**High Blood Pressure:** White adults had a significantly lower rate of hypertension leading to heart disease and failure, kidney disease and stroke than Black, Asian, or Hispanic/Latinx adults: the age-standardized prevalence was 27.5% for White, 43.5% for Black, 38.0% for Asian, and 33.0% for Hispanic/Latinx adults. (See [https://www.cdc.gov/pcd/issues/2017/16\\_0478.htm#:~:text=White%20adults%20had%20a%20significantly,and%2033.0%25%20for%20Hispanic%20adults.](https://www.cdc.gov/pcd/issues/2017/16_0478.htm#:~:text=White%20adults%20had%20a%20significantly,and%2033.0%25%20for%20Hispanic%20adults.))

**HIV/AIDS:** Black Americans are 10 times more likely to have HIV than Whites. Hispanic/Latinx Americans are 4.2 times more likely. (See <https://www.minorityhealth.hhs.gov/omh/browse.aspx?lvl=4&lvlid=66>.)

**Infant mortality:** The infant mortality rate for Black Americans is 2.5 times greater than that of white Americans. (See <https://www.cdc.gov/reproductivehealth/maternalinfanthealth/infantmortality.htm>.)

**Access to Care:** Communities of color more often lack access to clinics and specialists

because of income and housing areas.

**Poverty:** Black and Hispanic/Latinx folks are twice as likely to live in poverty than Whites.

### **BIPOC & LGBTQ+ Health Disparities:**

People of color who are also LGBTQ+ face a unique set of challenges based on their experience at the intersection of two marginalized identities in our society.

**Access to Care:** LGBTQ+ people who are BIPOC often face barriers to treatment and care because of mistrust of the medical community and high un-insurance rates. In the United States, 28% of LGBTQ+ adults of color have no health insurance coverage, compared to 8% of all adults overall. (See <https://www.hrc.org/resources/qtbiopoc-mental-health-and-well-being>.)

**Mental Health:** LGBTQ+ adults of color experience similar rates of mental health challenges as LGBTQ+ adults generally, but they receive unequal rates of diagnoses. A rate of 29% of LGBTQ+ adults of color say they have been diagnosed with a depressive disorder from a provider, compared to 39% of the LGBTQ+ adults broadly, a ten-point gap. Moreover, only 35% of LGBTQ+ youth of color receive emotional counseling. (*Ibid.*)

### **Responses to BIPOC & LGBTQ+ Health Disparities:**

These health disparities adversely affect quality of life within the BIPOC and LGBTQ+ communities, as well as workforce productivity (through increased morbidity) and healthcare system costs. The American Medical Association, among other organizations, have recognized racism as a public health threat. (See <https://www.ama-assn.org/delivering-care/health-equity/ama-racism-threat-public-health>.) It is critical to our mission that we take steps to address these health disparities through systemic improvements and investments in care for BIPOC and LGBTQ+ people through new initiatives like this.

## **Demand for Services**

Over the next five years, we anticipate seeing strong growth in both private insurance and Medicaid patients. Since opening, demand at Prism Health has outstripped our ability to provide care. We currently have existing waiting lists for new appointments that average 75-150 people. We have been somewhat constrained by staffing shortages due to the pandemic, while also being cautious about the productivity expectations of our providers to prevent burnout and ensure that we can provide the highest quality of care to our patients.

In 2021, we have negotiated several new, significant payor contracts, including Providence and Kaiser Permanente, both of which should increase our private insurance and Medicaid patient populations. Likewise, we have the ability to increase CareOregon patients—as a contractor with CareOregon, we have the capacity to increase the number of patients referred each month, once we have ramped up provider capacity.

## Integration with Ongoing CAP Services

A core component of the Prevention Department—Pivot—will be co-located with CAP’s clinic locations. This will allow for increased access to low-barrier HIV/STI testing, referrals for gay and bisexual men (with an enhanced focus on BIPOC communities) into treatment or general medical services, and an easy introduction method for the clinic to reach a large portion of the target demographic. This co-location will also facilitate low barrier referrals for pre-exposure prophylaxis (PrEP) and other non-medical services. HIV and STI testing will continue to be offered in a variety of community locations within Portland and surrounding counties. Continuation of these services will meet clients where they physically are and serve as a potential referral mechanism for the clinic.

CAP will continue delivery of its current set of social services in both Oregon and SW Washington, which include: medical case management and service navigation; housing assistance, placement and subsidy for low-income clients; residential care for people living with HIV/AIDS, employment services; benefits navigation; food pantry and general store, and peer-to-peer support coordination.

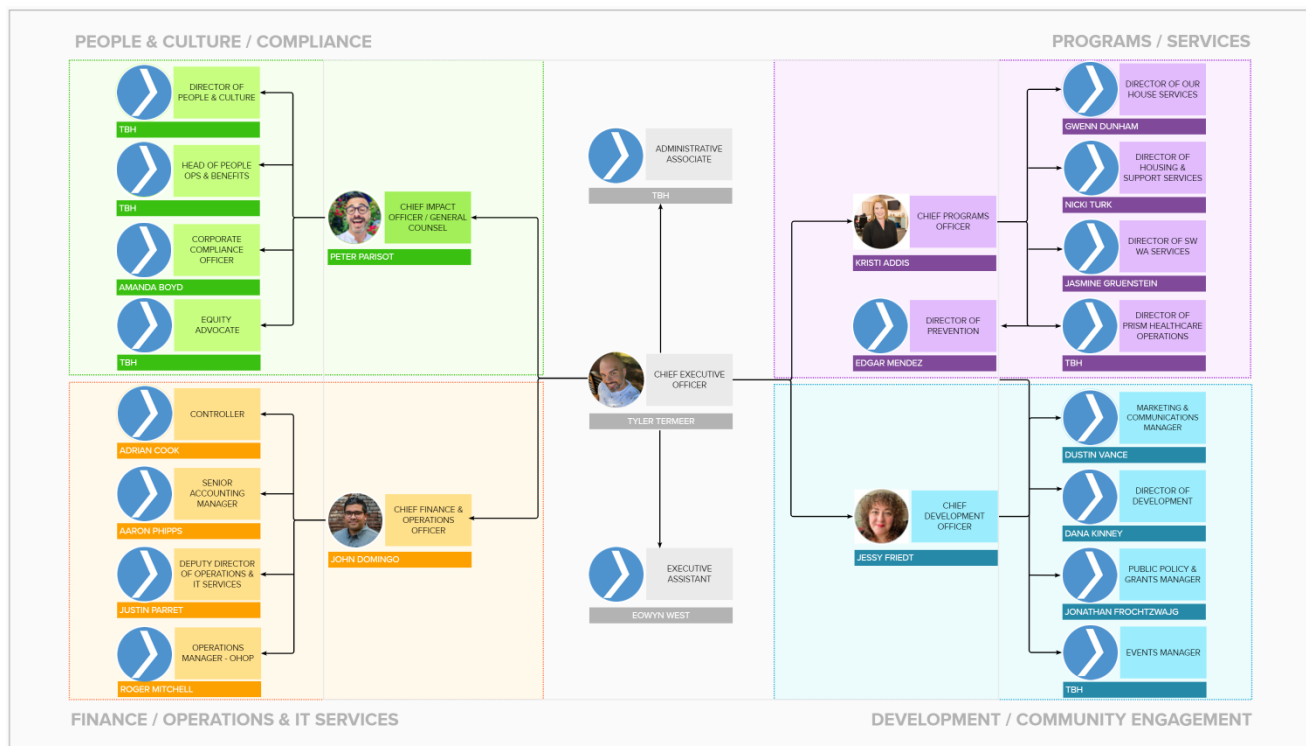
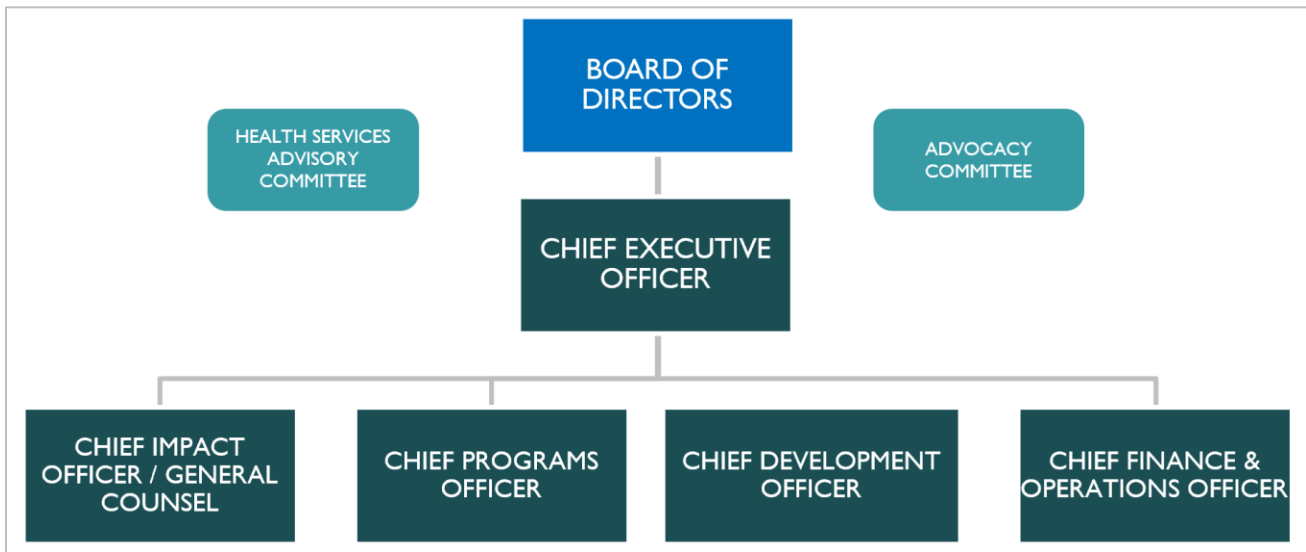
CAP will continue to build upon and seek opportunities for the expansion of new successful strategies realized throughout COVID-19 operations. These strategies include the accessibility of telehealth for primary care and behavioral health services and the exploration of opportunities to provide more accessible medical equipment for patient at-home use.

CAP will continue to allocate management and program resources to existing services to ensure clients will not see disruption or reduction due to CAP’s mission expansion. HIV Support Services clients may or may not be Prism patients, and this connection will not be a requirement for participation. Continuing its historic role, CAP will advocate at the local, state and federal levels for policies and practices that support LGBTQ+ and BIPOC community health and help to close health disparities with the general population.

CAP will continue to participate in organizational networks at each level to help ensure effective outcomes. By nurturing relationships with public health agencies and policy makers, CAP will extend and deepen its historic role as a partner with government in the common cause of promoting the health and welfare of LGBTQ and HIV-positive people.

# Organizational Structure

The Board of Directors will oversee implementation of the organizational strategy via the CAP CEO. A revamped Health Services Advisory Committee will play a key role in implementing the clinic, including medical and pharmacy services, as well as new health outreach programming. Members will include healthcare providers, administrators, insurers and public health agency representatives; the Committee’s scope will include advising CAP leadership on establishment of the new clinic location, staffing criteria, internal policies and procedures, programming content, key community relationships and outreach.

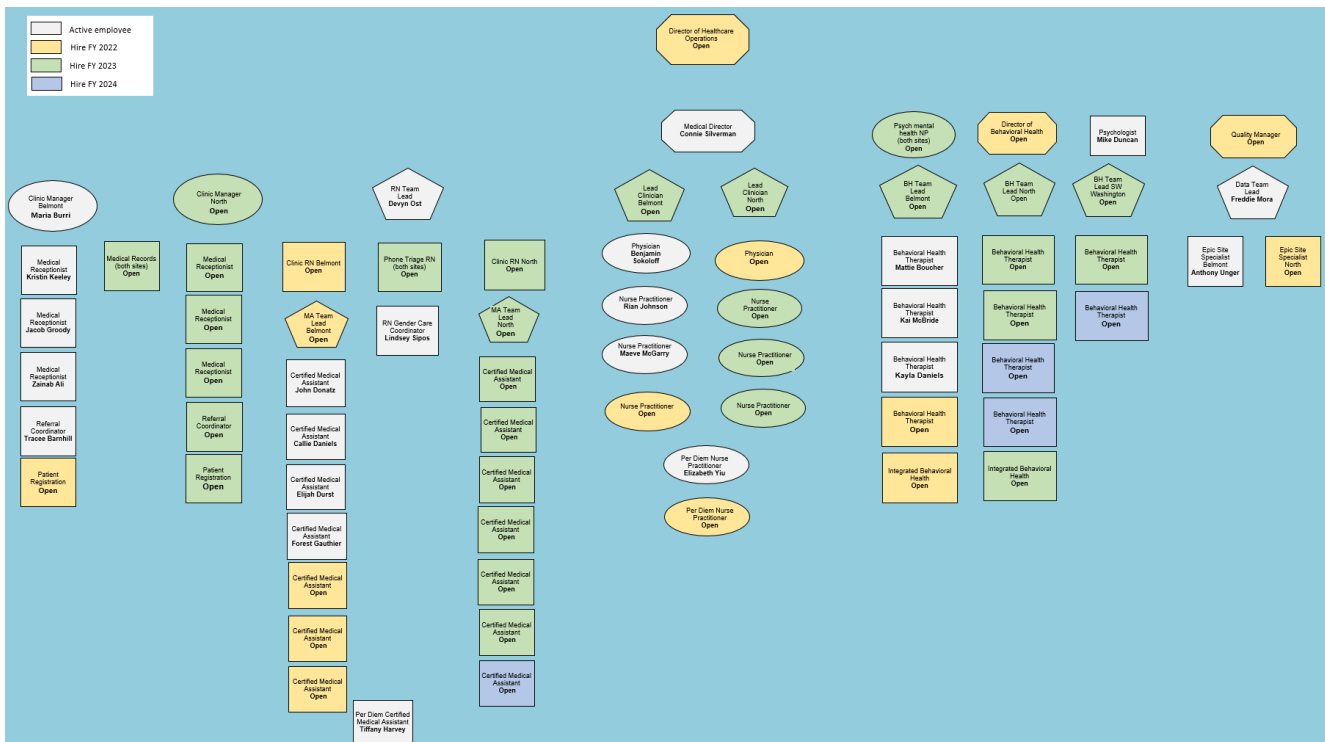


Note: A larger version of this is available in the Appendices (see page 37 – Appendix B).

# Prism Organizational Chart and Staffing Plan

The figure below summarizes the staffing plan for the organizational structure across the two Prism locations over the next few fiscal years. Staff development will include hiring personnel for the new medical practice, under the leadership and guidance of the Prism Health Medical Director, Director of Healthcare Operations and Chief Programs Officer. Criteria for a staffing model will include impact on quality and continuity of care, administrative simplicity, and consistency with financial targets.

## COMBINED STAFFING PLAN FY22-FY24



**Note:** A larger version of this is available in the Appendices (see page 38 – Appendix B).

## Business Model

For more than three decades, CAP’s business model was heavily reliant on federal, local and state government funding for its programming in HIV/STI Prevention, Linkage to Care, and Housing and Support Services. Traditional funding also included foundation grants and a strong core of individual contributions, primarily from LGBTQ+ donors particularly concerned about HIV/AIDS.

With the launch of Prism Health in 2017, CAP’s business model evolved to allow the organization to address a broader range of LGBTQ+ health needs. Revenues began to diversify, with several new sources positioned to grow over time. CAP began receiving third party payments for medical and behavioral health services —a mix of private insurance, Medicare and Medicaid; these sources have and will continue to grow in proportion to the patient base.

Pharmacy revenue under the 340B program is a key source of general operating funds; by



design, surpluses generated through discounted drug pricing support the operation of services to communities that have traditionally been furthest from access and opportunity, and work to subsidize CAP's primary care, behavioral health, and social service operations. This federal program allows select providers access to medications at reduced pricing. It guarantees significant discounts in the pricing of drugs, for the purposes of stretching limited funds to serve people in need and providing more comprehensive services. CAP's health center, Prism Health, qualifies for this program as a Federally Qualified Health Center Look-Alike (FQHCLA) – a designation received in March of 2020.

340B revenue is a fundamental component of the business models of FQHCLA's. Specialized medical practices like Prism Health (as well as many nonprofit ventures that address community health and welfare needs) often cannot break even based on market forces alone, due to limits in the potential scale of operations. Pricing of drugs under the 340B program generates an internal surplus that largely offsets deficits of Prism Health operations and makes the practice economically feasible. CAP has developed a relationship with third party pharmacy vendor, Avita Pharmacy, who operates an on-site pharmacy at the Prism Belmont location and has agreed to do so at the Prism 2.0 location. Not only does this provide us with an integrated care-team model and give our providers the opportunity to collaborate with the pharmacy staff, but it increases our capture rate in the 340b program (thereby increasing our revenue potential).

In an organization delivering broader services to an increasing population base, fund raising—including foundation grants and individual contributions—will have greater growth potential. CAP will invest in the development of a major individual giving program, engaging both traditional donors who have supported CAP through the HIV/AIDS epidemic and response, as well as diverse donors more broadly interested in the welfare of those seeking compassionate care. Fundraising has been and will continue to be a critical component of CAP's business model, providing unrestricted revenues for general operations and essential services that lack specific funding sources.

The first four years of health center operations have shown that this combination of revenue sources can anchor a robust business model. Key revenue drivers in the revised business model will include:

- Volume and diversity of patients
- Payer mix of patients
- Number and type of pharmacy prescriptions
- Major individual donor participation
- Diversity of public and private grant support

## Operational Capacity

As an established social service and healthcare provider with diverse funding sources, CAP has several core capabilities, including: a solid administrative and financial management infrastructure; skill in managing grants and contracts with a wide range of government agencies and private funding sources; program and constituent data management; skill in navigating the health, social service and housing systems to serve clients; and ability to engage at-risk populations, including major segments of the LGBTQ+ population. CAP

also has strong relationships with local and state agencies, as well as peers in the nonprofit and healthcare sectors. With an established in-house medical and behavioral health practice, CAP has worked over the last 4 years to build new infrastructure, including an electronic health records (EHR) system, telehealth, third-party contracting and billing systems, regulatory compliance and reporting mechanisms, and quality control protocols.

Building of this new capacity not only prepared CAP for success in delivering new services, it has also strengthened operations of ongoing HIV support, prevention and education services. The integration of EHR and third-party billing systems, for example, has enhanced CAP's current social service operations, providing improved means of tracking client care in our HIV / STI services in Oregon.

## Strategic Partnerships

CAP has established formal partnerships with organizations that have synergistic goals. CAP will continue to seek alliances that enhance services to CAP clients and patients, improve efficiency of service delivery, strengthen internal operating systems and support the organization's business model. Priorities will include partnerships addressing:

- Healthcare delivery systems
- Behavioral health services
- Pharmacy operations
- Traditional and alternative medical specialties
- Outreach to subpopulations, such as BIPOC communities, LGBTQ+ families, and non -native English speakers.

## Marketing and Branding

As a key next step in the business development process, CAP is investigating and developing a marketing, branding, and communication strategy to reflect the expansion of mission and services. CAP issued an RFP in the Spring of 2021 to engage a marketing firm, Smith and Conner's, to offer analysis on how to preserve existing brand equity and appeal to the broader communities in need of compassionate care under CAP's mission. As part of this process, CAP will develop a marketing strategy to effectively communicate the needs and benefits of Prism 2.0 to both the donor community and our target market of consumers.

As part of the organization's evolution, CAP's service base and core constituencies will be broader. Messaging around new services and engagement of communities that have traditionally been furthest from access and opportunity as a whole will be essential to long -term success. Revamping the organization identity and independently branding the new clinic location and/or major programs will be among options to be considered through a systematic review.

CAP will design its new health center's location services with input from community members. CAP's marketing to prospective patients will focus on networking with other community organizations, active presence in community events, publicity through local publications, communication with existing CAP clients and supporters, and peer -to -peer communication in the healthcare community. A detailed community outreach plan will articulate specific implementation methods and targets.

# FINANCIAL PLAN AND FUNDING REQUIREMENTS

## Current and Past Financial Operations

### 1. Summary

CAP opened Prism Belmont in 2017 as the first LGBTQ primary care clinic in Oregon. Pivot testing services also moved to Prism in that year. The business grew considerably in FY19 as the clinic expanded its Behavioral Health Services and sought registration as a Federally Qualified Health Center. FY19 saw a large cash infusion of \$1M from the Oregon Lottery grant, which helped to shore up the clinic's profitability. Prism and 340B revenue was better than budgeted in that year, but still not sufficient to cover expenses fully.

In FY20, Prism officially became a Federally Qualified Health Center Look-Alike, and CAP opened its integrated pharmacy program in partnership with Avita Pharmacy. Clinic revenue was 60% of the budget due to the "ramp-up" period associated with bringing on three new Primary Care providers, and the transition to telehealth due to COVID-19. That was more than compensated for by strong performance from the new on-site pharmacy, higher prescription rates from FQHC eligibility, and an influx of \$1M in cash from the Paycheck Protection Program (PPP) and the first round of forgivable loans that were rolled out in FY20.

FY21 was a year full of economic uncertainty. COVID-19 and the subsequent shutdown of our on-site services significantly impacted Prism financials. The pandemic lowered the amount of foot traffic coming to our on-site pharmacy and caused many of our patients to put their medications on hold. However, thanks to prudent expense management, an additional \$1M of support from the second round of the Payroll Protection Program, and conservative estimates on 340B expenses, we closed out FY21 with a significant budget surplus: \$946K.

### 2. Revenue

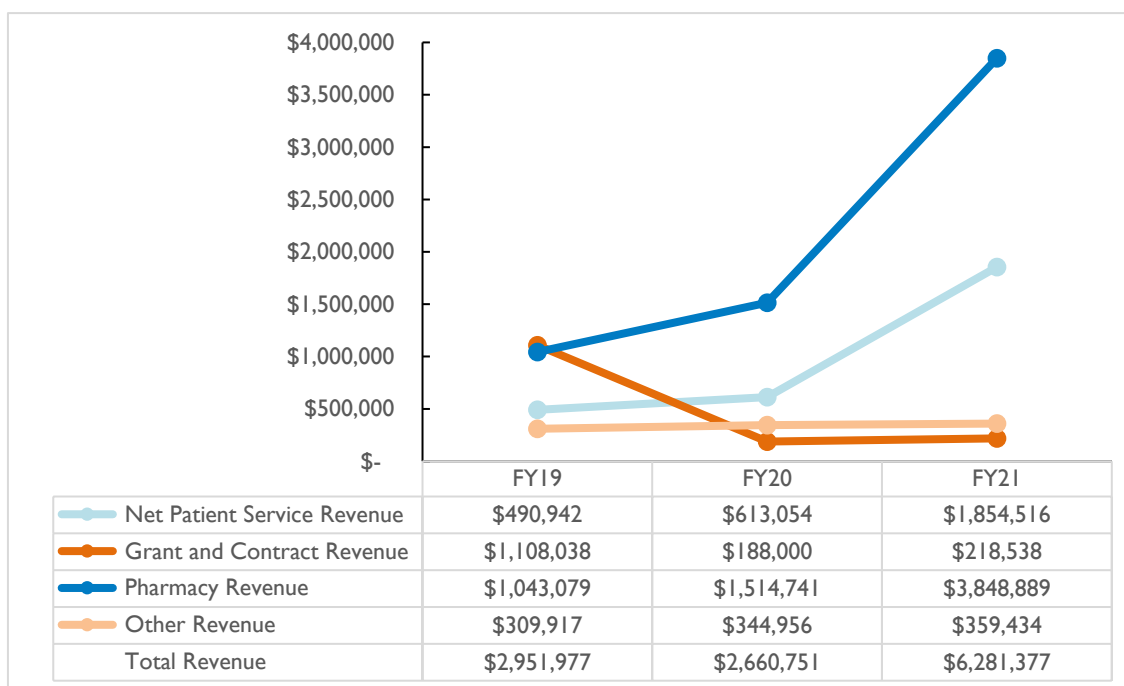
Our historical revenue mix has shown steady growth in Clinic and 340B pharmacy revenue. Pharmacy revenue now contributes almost two thirds of Prism's overall revenue. Obviously, there have been significant changes in the macroenvironment due to COVID-19 that have significantly affected revenue, but as FY21 showed, operating results have remained strong.

Below is a snapshot of our revenue mix for the last three fiscal years:

Revenue Mix	FY 19	FY 20	FY 21
Net Patient Service Revenue	17%	23%	30%
Grant and Contract Revenue	38%*	7%	3%
Pharmacy Revenue	35%	57%	61%
Other Revenue	10%	13%	6%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\* Includes \$1M Oregon Lottery grant funding

From the chart below, you can see that overall revenue more than doubled from FY20 to FY21, as our provider performance ramped up to optimal levels, and our Medicaid Wrap payments started rolling in in the second half of FY21.



### 3. Expenses and Operating Results

Most expense categories have remained relatively steady historically, except for:

- 1) Staffing—which has grown significantly in recent years with the addition of new Primary Care and Behavioral Health providers, along with support staff;
- 2) Supplies and Equipment – with most of the growth coming from 340B pharmacy supplies; and
- 3) Business Admin expenses – the main contributor being the Administrative Fees associated with our contract pharmacies and third-party administrators (OCHIN).

Below is a snapshot of Prism Belmont’s operating results going back to FY17:

## Prism P&L by Year FY17-FY21

Prism P&L	FY 17	FY 18	FY 19	FY 20	FY 21
<b>Revenues</b>					
Devo & Contribution Revenues	\$ 597,380	\$ 187,809	\$ 1,101,753	\$ 243,956	\$ 120,774
Contract Revenues	51,001	149,736	37,163	-	162,989
Pharmacy Revenues	520	441,582	1,043,079	1,514,741	3,848,889
Fee for Service Revenues	10,817	226,230	490,942	613,054	1,854,516
Other Revenues	16,034	278,640	279,039	289,000	294,208
<b>Total Revenues</b>	<b>\$ 675,752</b>	<b>\$ 1,283,997</b>	<b>\$ 2,951,977</b>	<b>\$ 2,660,751</b>	<b>\$ 6,281,377</b>
<b>Expenses</b>					
Staffing Expenses	\$ 70,207	\$ 339,826	\$ 646,684	\$ 1,167,778	\$ 1,816,988
Contract Services Expenses	72,571	105,689	175,972	150,048	101,499
Occupancy Expenses	43,445	228,058	233,509	236,183	247,307
Supplies & Equipment Expenses	36,478	222,466	405,605	571,915	1,527,078
Travel Expenses	2,938	3,166	8,848	4,296	3,942
Direct Client Assistance Expenses	-	161	1,612	1,888	19,538
Advertising & Outreach	5,922	20,510	39,400	30,998	33,782
Insurance	8,783	7,182	20,374	33,047	49,794
Business Admin Expenses	2,107	46,732	231,835	457,419	1,085,526
In-Kind Expenses	4,312	1,100	-	-	-
Overhead Expenses	13,338	52,175	105,515	183,338	206,248
Other Expenses (Incl. Int & Depr)	33,886	163,437	251,944	255,858	243,570
<b>Total Expenses</b>	<b>\$ 293,988</b>	<b>\$ 1,190,503</b>	<b>\$ 2,121,298</b>	<b>\$ 3,092,769</b>	<b>\$ 5,335,271</b>
<b>Revenues Over (Under) Expenses</b>	<b>\$ 381,765</b>	<b>\$ 93,494</b>	<b>\$ 830,679</b>	<b>\$ (432,018)</b>	<b>\$ 946,106</b>

## Projected Financial Performance

For the purposes of this business plan, we are projecting for the first year of business using Prism Belmont's FY21 actual results as the base year.

- 1. General Comments and Methodology** Our projections utilize a combination of 1) Average Revenue per Provider FTE (calculated off of FY21 actual results), 2) a gross up factor for FY23 revenue figures by service line, and 3) a ramp-up plan by quarter to account for the time it will take for new providers to come up to full capacity and optimal productivity levels.

PRISM BELMONT FY21 STAFFING	PC/BH	FTE FACTOR
BENJAMIN SOKOLOFF, DO	PC	1.00
CONNIE SILVERMAN, FNP	PC	1.00
RIAN JOHNSON, FNP	PC	1.00
ELIZABETH YIU, FNP	PC	0.10
JOSH OPPENHEIM, PA	PC	0.08
MIKE DUNCAN, PSYD	BH	1.00
MASON BOUCHARD, LPC	BH	1.00
KAI MCBRIDE, LMFT	BH	1.00
KAYLA DANIELS, LPC	BH	0.17

**6.35**

PRISM 2.0 FY23 STAFFING	PC/BH	FTE FACTOR
PHYSICIAN (MD/DO)	PC	0.5
MEDICAL DIRECTOR	PC	0.5
LEAD CLINICIAN	PC	0.5
NURSE PRACTITIONER	PC	1.0
NURSE PRACTITIONER	PC	1.0
NURSE PRACTITIONER	PC	0.5
DIRECTOR OF BEHAVIORAL HEALTH	BH	0.5
PSYCH MENTAL HEALTH NP	BH	0.5
BEHAVIORAL HLTH THERAPIST	BH	0.5
BEHAVIORAL HLTH THERAPIST	BH	0.5
BEHAVIORAL HLTH THERAPIST	BH	1.0
PSYCHOLOGIST TEAM LEAD	BH	0.5

**7.5**

	PRISM BELMONT FY21 FTE	PRISM 2.0 FY23 FTE	FY23 GROSS UP FACTOR
<b>Primary Care</b>	3.18	4.00	1.26
<b>Behavioral Health</b>	3.17	3.50	1.10
<b>Total Prism</b>	<b>6.35</b>	<b>7.50</b>	<b>1.18</b>

Ramp by Quarter	
Y1 Q1	25%
Y1 Q2	50%
Y1 Q3	75%
Y1 Q4	100%
<b>Y1 Weighted Avg</b>	<b>62.50%</b>
Y2 Q1	100%
Y2 Q2	100%
Y2 Q3	100%
Y2 Q4	100%
<b>Y2 Weighted Avg</b>	<b>100.00%</b>

**2. Revenue Projections** Our general approach to calculating revenue for the first year of Prism 2.0 operations is to take the FY21 actual revenue by service line, gross it up to account for the additional revenue that will be generated by additional Provider FTE, and multiply that outcome by the Year 1 Weighted Average Ramp-Up Factor (seen above): 62.50%.

**Note:** We are also including \$425K in grant revenue under Behavioral Health. The source of this funding is the Congressional Earmark aka “Community Project Funding (CPF)” program that we applied for in mid-FY21 and included as a note on in our FY22 budget. As a reminder, we applied for 2 separate funding opportunities through this program. The first is for \$850K to expand our behavioral health services program – adding to Prism a psychiatric mental-health nurse practitioner, two psychotherapists, a health psychologist, three medical assistants, and a Director of Behavioral Healthcare. The second is for \$400k to expand our behavioral healthcare services in Washington State. We are confident that the \$850K funding will be received sometime in late 2021. Therefore, half of that revenue has been applied to this pro forma, assuming that this funding is the necessary catalyst for adding additional BH providers to both clinics, and that the funding will be split equally between locations.

**3. Expense Projections** Our assumptions on the expense side are conservative. The staffing expenses are based on a detailed multi-year staffing plan that our Medical Director – Connie Silverman – put together (see page 22), which includes estimated FY23 salaries based on established market rates and a COLA (cost of living adjustment) or 2.5% in FY23. 340B pharmacy supplies and administrative costs are estimated using the same FTE gross-up and ramp-up factors used in the revenue projections. We’ve included \$100K of Advertising and Outreach expenses to account for the development of a new marketing, branding and communication strategy for

Prism, as mentioned above (see page 24). Overhead costs have reduced significantly compared to the FY21 Prism Belmont actuals, since the Admin, Volunteer, Operations Support costs that we previously being allocated to one clinic are now being spread across two.

- 4. Operating Results** Overall projected net income for the first year of Prism 2.0 is a loss of \$39K. Considering that is less than 0.8% of the projected FY23 revenue figure, we can conclude this is essentially a break-even budget. We believe the second year of Prism 2.0 will look very similar to the FY21 operating results (a year unfavorably impacted by the pandemic but with a significant year-end surplus), as we expect strengthened pharmacy performance to be tempered by the added costs of new providers and staff and their associated ramp-up periods.

## PRISM 2.0 PRO FORMA P&L

\* Actuals are from Prism Belmont's FY21 operating results

Prism 2.0 Pro Forma P&L	FY 21 Actuals*	FY 23 Projected	% of FY21 Actuals
<b>Revenues</b>			
Devo & Contribution Revenues	\$120,774	\$425,000	351.90%
Contract Revenues	162,989	0	0.00%
Pharmacy Revenues	3,848,889	2,841,222	73.80%
Fee for Service Revenues	1,854,516	1,431,324	77.20%
Other Revenues	294,208	262,023	89.10%
<b>Total Revenues</b>	<b>\$6,281,377</b>	<b>\$4,959,570</b>	<b>79.00%</b>
<b>Expenses</b>			
Staffing Expenses	\$1,816,988	\$2,238,398	123.20%
Contract Services Expenses	101,499	53,033	52.20%
Occupancy Expenses	247,307	294,431	119.10%
Supplies & Equipment Expenses	1,527,078	1,145,433	75.00%
Travel Expenses	3,942	0	0.00%
Direct Client Assistance Expenses	19,538	1,800	9.20%
Advertising & Outreach	33,782	100,000	296.00%
Insurance	49,794	58,854	118.20%
Business Admin Expenses	1,085,526	750,231	69.10%
In-Kind Expenses	0	0	0.00%
Overhead Expenses	206,248	106,958	51.90%
Other Expenses (Incl. Int & Depr)	243,570	249,279	102.30%
<b>Total Expenses</b>	<b>\$5,335,271</b>	<b>\$4,998,417</b>	<b>93.70%</b>
<b>Revenues Over (Under) Expenses</b>	<b>\$946,106</b>	<b>(\$38,847)</b>	<b>-4%</b>

**Note:** The full pro-forma by service line is available in the Appendices (see page 39 – Appendix C).



## Description of the Deal Structure

CAP proposes entering into a joint venture with a for-profit investor to obtain control of the property. In this structure, CAP will purchase a 25% share of the property via a limited liability company. The remaining 75% of the limited liability company will be owned by one or more for-profit investors (Nate Sasaki of Apex Real Estate being the lead investor). The limited liability company will lease the property to CAP with an option to purchase in year (5) five.

This deal structure was conceived as the best option for CAP to obtain both an equity interest in the property and a market rate lease (with substantial tenant improvement allowance) while conserving our cash reserves. The purchase price of the building is \$2,400,000. Stabilization costs required to purchase, renovate, and ready the premises for occupancy total \$1,061,754. This amount includes the following capitalized expenses:

- **Land/Site Development: \$72,324**
  - Includes: architectural & engineer fees, inspections, and permitting
- **Hard Construction Costs: \$202,667**
  - Includes: Roof and HVAC replacement, exterior painting, and contingency allowance
- **Soft Construction Costs: \$299,842**
  - Includes: Interest, insurance, taxes, construction management, developer fees, broker fees, loan fees, contingency, professional fees, and closing costs.
- **Tenant Improvement & Non-Capitalized Costs: \$492,888**
  - Includes a \$60.00 per square foot tenant improvement allowance and 10% contingency

These costs along with purchase price bring the total project cost to \$3,467,721 and increase the post-construction, leased value of the premises to \$4,045,754 (an increase in value of \$577,954).

If CAP were to have purchased this property on its own, CAP would need to contribute \$1,271,754 (under the existing financing arrangements) to have sufficient equity to finance the purchase and construction/stabilization costs. By purchasing as

## Deal Structure (continued)

part of a joint venture, CAP is only required to contribute \$317,939 to the project in year (1) one. The balance of the necessary equity contribution (\$953,815) will come from the for-profit investors who will be compensated for this contribution at the sale to the property at a pre-determined rate.

As noted, CAP will also lease the property from the limited liability company at market rate. This rate is determined by the total project cost. The lease rate is set at \$32.50 per square foot with an annual escalation of 3% and is consistent with current market rates and conditions. The triple net (NNN) lease with operating cost (minus property taxes) is projected to cost \$278,993 annually (or \$23,249 monthly). Under current construction timeline estimates, the lease is set to commence on August 1, 2022.

As noted, the lease contains an option to purchase at the end of year (5) five. The option purchase price is set at \$3,845,129 based upon an agreed upon capitalization rate of 6.75%.<sup>3</sup> The estimated market value of the property at this time will be \$4,325,771 based upon a capitalization rate of 6.00%.

If CAP elects to exercise the purchase option, we will be able leverage its initial equity contribution of \$317,939 and the increase in value over time of \$576,485 to obtain a conventional loan with a 75% loan to value ratio. At this time, CAP's total equity in the project will be \$894,424 (\$317,939 + \$576,485). To secure the loan, CAP will need to increase its equity position to \$1,081,443 by contributing an additional \$187,019—bringing its total equity to 25% required to obtain financing.

Year 5 Purchase Option		CAP Out-of-Pocket Calc Year 5	
Property Value Year 5*	\$4,325,771	Equity Required for New Loan	\$1,081,443
LTV	75%	CAP Initial Equity	\$317,939
Loan Amount	\$3,244,328	Appreciated Property Value*	\$576,485
Required Equity	\$1,081,443	<b>CAP Out-of-Pocket Year 5</b>	<b>\$187,019</b>

\*Based on 6% cap rate

\*Estimated based on projected year 5 property value of \$4.2MM

At this time, CAP will obtain a conventional loan at market rate. While difficult to determine the cost of such financing five years in the future, using existing commercial loan terms (e.g., 4.5% interest over a 15-year amortization period), the cost of financing will approximately equal the existing lease cost (approximately \$25,000 per month).

If the option to purchase is executed, CAP's total equity contribution to the project will be \$504,958 (excluding any additional tenant improvement or start-up costs).

<sup>3</sup> The option purchase price will be set per the agreed upon 6.75% capitalization rate of the in-place net operating income as determined by the annual NNN lease rate multiplied by the rentable square footage of the building. This determination of the sale price is far more advantageous to CAP as the alternative of FMV leaves it open to a potentially a much higher price.

## Capital Campaign

The total project cost with estimated additional tenant improvements and startup cost is estimated to be approximately \$750,000 to \$1,000,000 over five years.

In planning for the launch of the original Prism Health location in 2016, the CAP Board Directors did not have a large appetite for a traditional capital campaign. There were several reasons indicated at the time which included:

- a sense among the board that the market was currently filled with similar campaigns
- lack of development capacity to raise the capital in a short duration
- a sense that donors may have more interest supporting a future campaign about expansion of the existing successful health center, rather than investing in a start-up

In the place of a traditional capital campaign, the original Prism Health project focused on gaining government and foundation support. Support included gifts such as:

- \$100,000 – City of Portland
- \$100,000 – Major Donors (targeted asks for room naming)
- \$150,000 – Meyer Memorial Trust (over three years)
- \$250,000 – Multnomah County
- \$1,000,000 – State of Oregon (Lottery Funds)

Building upon this approach, CAP's CEO will work closely with the Chief Development Officer and Board Development Committee to design and recommend a multi-pronged 5-year capital campaign strategy for review and approval of the Board of Directors.

## Risk Assessment

Prism Health relies on a mix of income to cover expenses including private donations, grants, federal funds, insurance revenue, guaranteed Medicaid and Medicare payments, and 340b revenue.

Due to threatened and anticipated changes in 340b funding requirements, it is our ultimate goal to significantly decrease reliance on the 340b program. However, in the short term 340b revenue remains a critical part of our three- to five-year funding strategy.

In order to decrease our reliance on 340b revenue we must increase our revenue streams in other categories—primarily grant funding and insurance revenue by an average of 25%, thereby decreasing the overall percentage of funding contributed by 340b from an average of 60% of the total earned income to a more manageable 15-25%.

To do so, we are exploring ways of maximizing insurance revenue through increasing Medicaid patient numbers and obtaining additional grant funding.

## Insurance Revenue

This new clinic provides us with an opportunity to ramp up provider capacity and to reach and recruit a more sizable Medicaid population. Increasing our Medicaid population will dramatically increase our insurance revenue due to our FQHC guaranteed Medicaid Wrap Payments.

Currently, private insurance patients comprised 54% of total patients and pay an average of \$126.76 per billable visit. Private insurance patients average 4.2 visits per year for an average annual revenue of \$532.39. In contrast, Medicaid/CareOregon patients comprised 39% of our total patient base and pay a guaranteed amount of \$306.48 per billable visit with Medicaid Wrap Payments. Medicaid patients average 5.5 visits per year for an average annual revenue of \$1,685.64. Given the substantial advantage that Medicaid patients have over private insurance patients, we should prioritize the recruitment of such patients into our practice. Growing the existing patient population by an additional 600-900 Medicaid patients would supplant the 340b revenue received in FY21 and enable us to reach our goal of reducing our dependence on 340b income.

As discussed above, we are able to increase Medicaid patients in a number of ways:

- 1. Additional Payor Contracts** – we have negotiated and entered into two new significant payor contracts (Providence and Kaiser Permanente) both of which should increase our private insurance and Medicaid patient populations.
- 2. Increasing CareOregon patients** – as a contractor with CareOregon, we have the capacity to increase the number of patients referred each month.
- 3. Organic patient recruitment** – Medicaid patients can also self-refer in to the clinic. As a neighborhood clinic in an area with higher rates of Medicaid participation, we anticipate an increase in organic Medicaid patient recruitment.

## Grant Revenue

Prism Health is currently qualified as a “FQHC Lookalike” which provides significant advantages (such as the Medicaid Wrap Rate), but does not include the funding provided to grant funded FQHCs. Grant funded FQHC receive an additional payment of \$650,000 per year to provide the same scope of services we current offer. Additional grant funded FQHC are eligible for additional discretionary funding allocated each year by congress. Obtaining grant funded FQHC status will have a significant impact on our revenue mix.

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<sup>1</sup> As an FQHC LAL, CAP is eligible for a guaranteed Medicaid rate of \$306.48 (increased each year for CPI). This rate was negotiated in 2020 based on our actual per patient cost. These payments are referred to as “Medicaid Wrap Payments” as the state Medicaid agency “wraps around” any insurance payment received by a managed Medicaid payor such as CareOregon to bring it up to the guaranteed Medicaid rate.

# BUSINESS PLAN IMPLEMENTATION TIMELINE

Task	Estimated Completion Date
Due Diligence (inspections, business plan, etc.)	December 17, 2021
Closing (financing contingencies, etc.)	January 17, 2022
Architectural and engineering (space planning, design, etc.)	October to December 2021
Permits & approvals completed	January to Mid-April 2022
Hiring and credentialing of new staff (start date July & beyond)	January to July 2022
Construction	April to July 2022
Promotion of new clinic to patients, wait lists, building provider panels	April 2022
Proposed lease start date / open of business	August 1, 2022

## FINAL RECOMMENDATIONS

Throughout their history, AIDS Service Organizations and Community Health Clinics have had to be nimble and adapt to changing circumstances and difficult funding environments. Over the course of the last several years, we have been faced with an unprecedented new chapter in our modern time. The dueling pandemics of COVID-19 and a racial reckoning spurred by the murders of unarmed Black and Brown bodies have created powerful and unimaginable political turbulence. This moment has brought new attention to existing pervasive societal issues. Its impacted all of our lives, highlighted all of our flaws and as hard as it may seem some days, presented us with new opportunity.

The purpose of this business plan is to lay out our vision for “Prism 2.0” and explain how this new clinic will help CAP effectively translate our strategic goals into a sustainable business opportunity.

This is an historic moment for Cascade AIDS Project. The needs of the people who count on us are shifting; racial equity has assumed a central role in our collective consciousness; the current policy, political, and health care landscape remains unsettled; and the COVID-19 pandemic has posed unprecedented challenges to us all. CAP is rising to the occasion, introducing a bold but realistic plan for expansion, and embracing this extraordinary opportunity to increase our impact and deliver on the full promise of our mission, now and tomorrow.

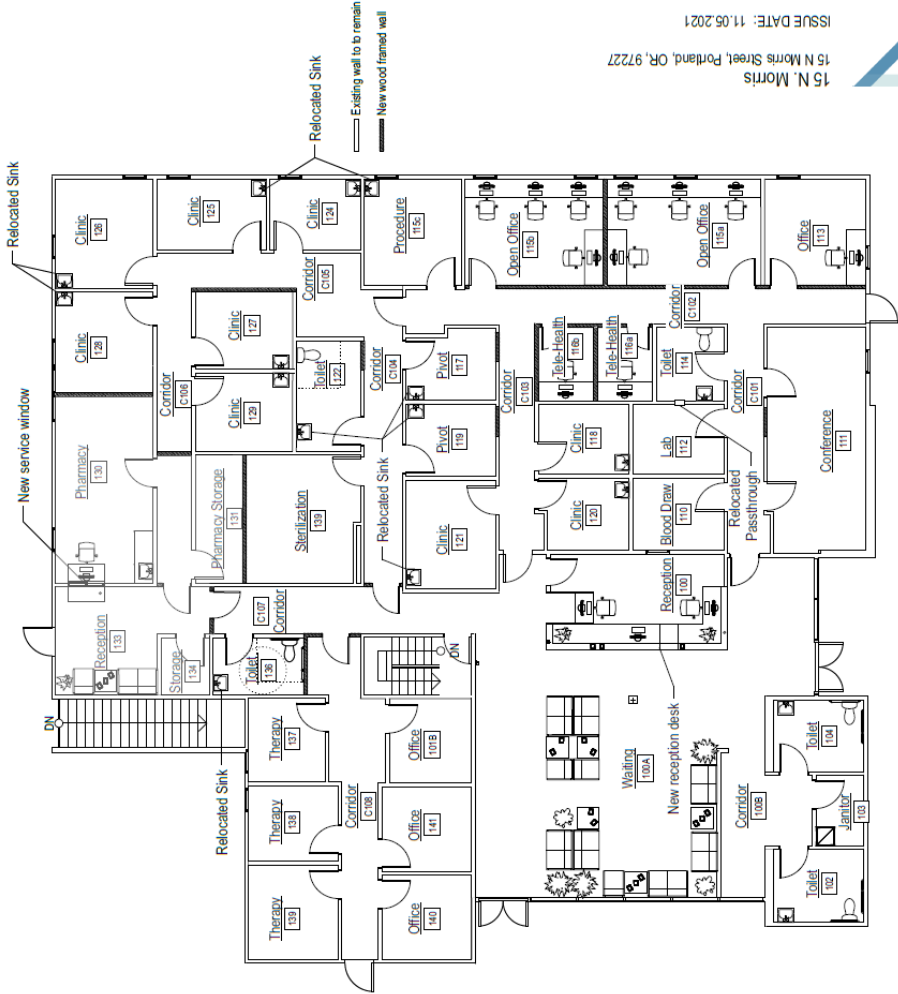
To realize that future, CAP leadership is proposing entering into a joint, lease-to-own venture with a for-profit investor and therefore we need to obtain approval of this business plan from our Board of Directors in order to move forward with the investment transaction.

**We request with humility that the Board of Directors for Cascade AIDS Project affirm our commitment to the goals and strategies laid out in this plan, and unanimously approve of this investment transaction.**

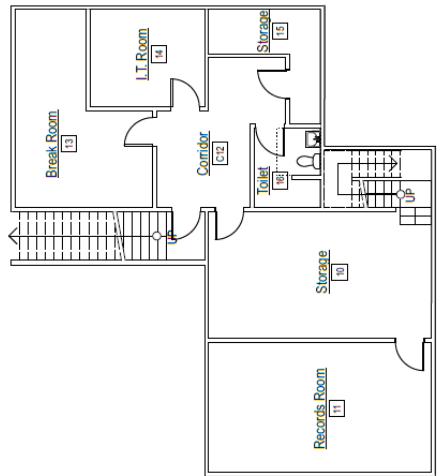
# APPENDIX A: PRISM 2.0 SPACE PLAN

Proposed Floor Plan  
ISSUE DATE: 11.05.2021  
15 N. Morris  
15 N Morris Street, Portland, OR, 97227

**DOMINEK**  
ARCHITECTURE  
2246 E Burnside St., #4  
Portland, OR 97214  
503.360.6143 c



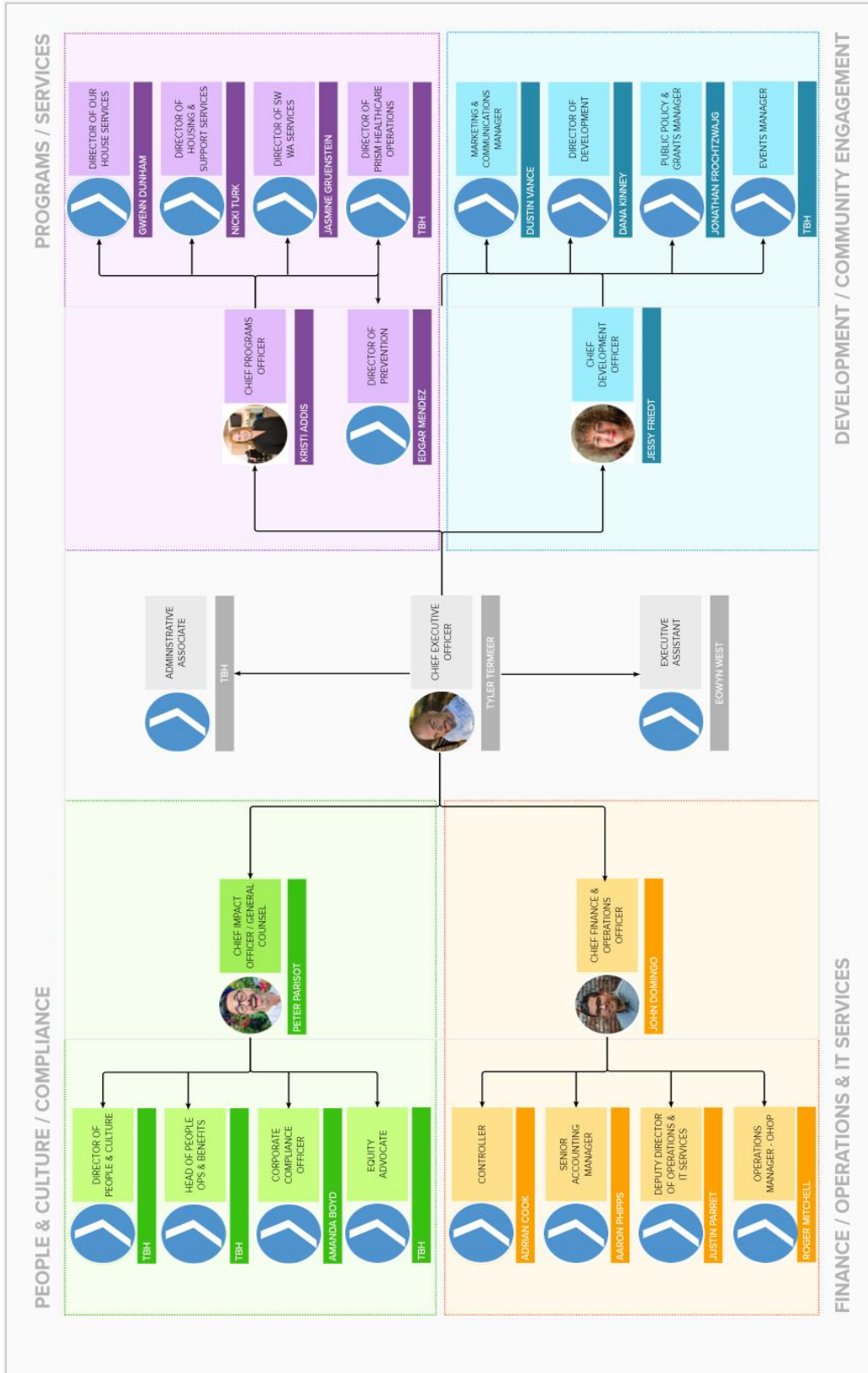
1 PROPOSED MAIN LEVEL FLOOR PLAN  
Scale: 3/32" = 1'-0"

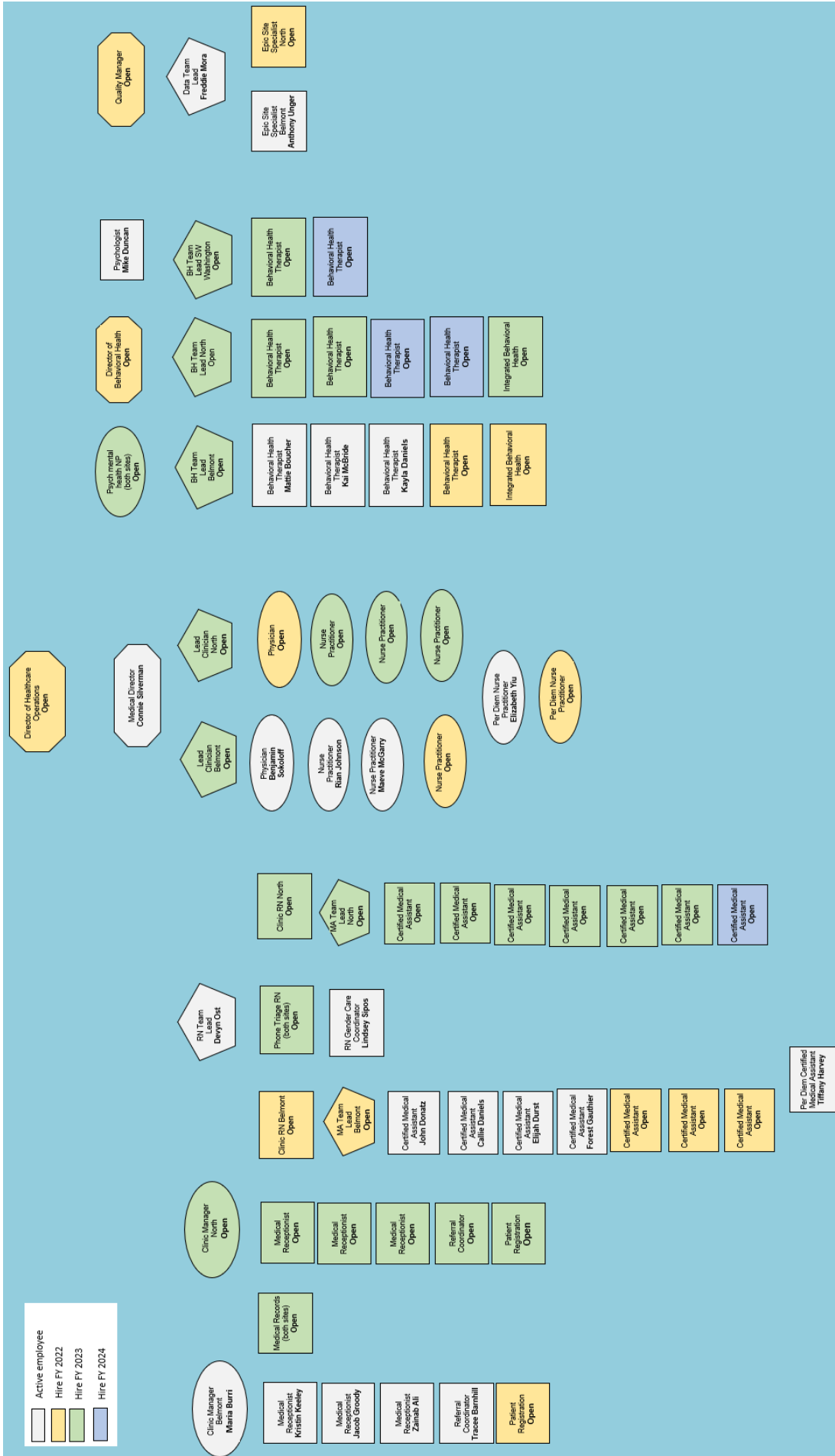


2 PROPOSED BASEMENT FLOOR PLAN  
Scale: 3/32" = 1'-0"



# APPENDIX B: ORG STRUCTURE / STAFFING PLAN





# APPENDIX C: PRISM 2.0 PRO FORMA

GL Desc	GENERAL BUILDING OPERATIONS		PRISM HEALTH CENTER BEHAVIORAL/MENTAL		PRISM 3408 RX DRUG/PHARMACY		PRISM FOHC/FOHCLIA CONVERSION/COMPLIANCE		TOTAL	
	FY21 Actual	FY23 Budget, Proposed	FY21 Actual	FY23 Budget, Proposed	FY21 Actual	FY23 Budget, Proposed	FY21 Actual	FY23 Budget, Proposed	FY21 Actual	FY23 Budget, Proposed
EVENT REVENUE	-	989	-	-	-	-	-	-	989	-
INDIVIDUAL DONOR	-	13,611	-	50,000	-	-	-	-	64,236	-
GRANT REVENUE	-	52,549	-	3,000	-	-	-	-	55,549	425,000
GOVERNMENT CONTRACTS REVENUE	292	28,718	-	-	-	-	133,979	-	162,989	-
FEE FOR SERVICE REVENUE	-	(20)	-	-	3,848,909	2,841,222	-	-	3,848,889	2,841,222
FEE FOR SERVICE - BILLED	-	1,688,346	-	302,192	-	-	-	-	1,990,538	1,535,848
INSURANCE WRITE OFFS EXPECTED	-	(841,667)	-	(25,100)	-	-	-	-	(866,767)	(679,008)
MEDICARE/MEDICAID PROTECT REV	-	730,745	-	-	-	-	-	-	730,745	574,485
RENT REVENUE - EXTERNAL	17,333	-	-	-	-	-	-	-	17,333	23,000
INTRA-AGENCY RENT REVENUE (NON-GAAP)	276,875	239,023	-	-	-	-	-	-	276,875	239,023
<b>TOTAL REVENUES</b>	<b>295,125</b>	<b>2,62,023</b>	<b>1,673,272</b>	<b>616,211</b>	<b>3,848,909</b>	<b>2,841,222</b>	<b>133,979</b>	<b>-</b>	<b>6,281,377</b>	<b>4,959,570</b>
PAYROLL	(57,504)	(57,504)	1,330,293	1,531,803	188,247	336,416	39,290	-	1,500,327	1,810,715
VACATION EXPENSE	-	-	3,425	3,695	331	3,205	(147)	-	3,609	16,900
PAYROLL TAXES	(4,399)	(5,233)	114,508	139,394	15,113	30,614	3,280	-	128,501	164,775
EMPLOYEE BENEFITS	-	-	123,577	23,973	23,973	38,462	2,266	-	149,817	207,977
CONTINUING EDUCATION BENEFIT	-	-	2,861	11,750	2,563	2,750	-	-	5,424	14,500
EMPLOYEE PENSION	-	-	24,295	24,781	3,853	3,930	1,162	-	29,310	28,711
CONTRACT SERVICES-GENERAL	-	-	19,801	-	8,086	10,000	44,038	-	71,926	10,000
IT SERVICES & SUPPORT	-	-	4,054	9,981	601	-	37	-	4,693	9,981
CONTRACT PAYROLL PROCESSING	-	-	236	278	43	-	1	-	280	278
PROFESSIONAL SERV-AUDIT/LEGAL	-	-	5,122	6,300	514	1,474	2	-	5,638	7,774
CONTRACT SERVICES-TEMP AGENCY	-	-	18,963	25,000	-	-	-	-	18,963	25,000
STAFF TRAINING	-	-	557	2,500	-	500	-	-	557	3,000
PROFESSIONAL SUPERVISION	-	-	6,095	4,017	424	940	1,469	-	7,989	4,957
MILEAGE & PARKING	10	-	169	2,500	3,465	2,500	-	-	3,465	2,500
CONTINUING MEDICAL EDUCATION	-	-	5,308	-	-	-	-	-	5,308	-
PIVOT-PRISM RENT - INTERNAL (NON-GAAP)	-	-	207,360	239,023	-	-	-	-	207,360	239,023
TELEPHONE & INTERNET	-	-	19,741	31,237	3,243	7,311	293	-	23,278	38,548
POSTAGE & SHIPPING	-	-	276	284	4	4	-	-	280	288
POSTAGE METER LEASE	-	-	1,188	1,188	18	-	-	-	1,206	1,188
PHOTOCOPIES & PRINTING	-	-	384	384	-	-	-	-	384	384
PHOTOCOPIER LEASE	-	-	7,007	8,037	1,162	1,881	106	-	8,275	9,919
PROGRAM SUPPLIES	467	-	22,300	39,000	260	-	38,822	-	61,850	39,000
MEDICAL SUPPLIES	-	-	114,777	68,866	-	-	-	-	114,777	68,866
PHARMACY SUPPLIES	-	-	-	-	-	-	-	-	1,257,936	928,595
CENTRAL SUPPLIES	-	-	653	1,858	104	-	6	-	763	1,858
EDUCATIONAL MATERIAL	-	-	169	-	-	-	-	-	169	-
INSURANCE	-	-	42,182	50,000	7,470	8,854	142	-	49,794	58,854
CLIENT FOOD & BEVERAGES	-	-	459	500	-	-	-	-	459	500
FOOD & BEV FOR STAFF USE	-	-	1,828	2,000	31	-	-	-	1,859	2,000
ADVERTISING & OUTREACH	171	-	33,610	100,000	-	-	-	-	33,782	100,000
DUES,SUBS, PUBS	-	-	11,431	4,000	63	-	6	-	11,500	4,000
EQUIPMENT LEASES	-	-	13,554	15,000	3	-	-	-	13,556	15,000
PROGRAM FURN & EQUIP PURCHASES	890	1,000	65,978	75,000	-	-	-	-	66,868	76,000
CENTRAL FURN & EQUIP PURCHASES	-	-	1,028	4,291	142	1,004	3	-	1,173	5,295
EQUIPMENT RENTAL	-	-	1,880	900	-	-	-	-	1,880	900
FACILITY RENTAL & RELATED COST	-	-	643	822	97	192	7	-	747	1,014
REPAIR & MAINTENANCE	65,290	60,000	2,809	2,500	-	-	-	-	68,099	62,500
UTILITIES	14,800	15,000	-	-	-	-	-	-	14,800	15,000
CL. ASSIST-FOOD PANTRY	-	-	139	250	-	-	-	-	139	250
CLIENT ASSISTANCE-TRANSPORT.	-	-	16	500	-	-	-	-	16	500
CL. ASSIST-PERSONAL/INCENTIVES	-	-	145	500	-	-	-	-	145	500
CLIENT ASSIST-MOTEL VOUCHERS	-	-	-	-	-	-	18,521	-	18,521	-
CLIENT ASSIST-INTERPRETATION	-	-	659	500	-	-	-	-	659	500
CLIENT ASSIST - LAB FEES	-	-	44	50	-	-	-	-	44	50
CLIENT ASSIST - MEDICATION FEE	-	-	-	-	-	-	-	-	15	-
BAD DEBT EXPENSE	-	-	2,500	1,500	-	-	-	-	2,500	1,500
BANK FEES	-	-	1,722	1,033	-	-	-	-	1,722	1,033
DEPRECIATION	76,793	80,000	11,498	7,807	29	-	2	-	88,321	87,807
INTEREST EXPENSE	66,419	85,000	-	-	-	-	-	-	66,419	85,000
OTHER FEES	-	-	157,396	74,407	-	-	4,880	-	1,065,203	740,938
TRANSACTION PROCESSING FEES	-	-	4,600	2,760	-	-	-	-	4,600	2,760
TRAVEL & LODGING	-	-	1,679	-	-	-	2,111	-	3,790	-
NONDISTRIBUTABLE EXP(INCL ALC)	-	-	153	-	-	-	-	-	153	-
ADMINISTRATION SUPPORT	-	-	137,016	71,934	23,801	12,496	1,996	-	162,814	84,429
VOLUNTEER SUPPORT	-	-	3,839	2,015	278	-	21	-	4,389	2,293
OPERATIONS SUPPORT	-	-	32,889	17,267	5,656	2,969	500	-	39,045	20,236
INTAKE SUPPORT	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>162,938</b>	<b>178,264</b>	<b>2,562,812</b>	<b>2,759,247</b>	<b>289,826</b>	<b>465,781</b>	<b>158,816</b>	<b>-</b>	<b>5,335,271</b>	<b>4,998,417</b>
<b>TOTAL REVENUE OVER (UNDER) EXPENSES</b>	<b>132,187</b>	<b>83,759</b>	<b>(889,541)</b>	<b>(1,519,134)</b>	<b>40,266</b>	<b>150,430</b>	<b>(24,837)</b>	<b>-</b>	<b>946,106</b>	<b>(38,847)</b>

*YCAP*



PRISM HEALTH