

# **School Based Health Centers:**

## **An overview of costs and resources needed for startup and sustainability**

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## **Oregon's SBHC cost model project: background and goals**

What amount of financial resources does it take for startup and annual operation of a School Based Health Center (SBHC)? The answer to this question is essential for prospective centers, as well as for existing centers wanting to calculate the expense they expect to incur in order to expand services or hours. Being able to accurately estimate financial needs also allows centers to better justify their requests for funding and more efficiently plan resource allocation.

In September 2006, Oregon's SBHC state program office initiated a cost model project in order to answer this question. The process was novel and data collection and refinement are ongoing efforts. The cost model methodology relies partly on a theoretical estimation of costs, and partly on data obtained from some of the SBHCs themselves, and it is designed to be replicable over time.

For instance, costs for salaries and benefits for a large number of SBHC staff positions (such as registered nurses, physician assistants, center administrators, medical secretaries, etc.) were estimated using state salary survey data for these occupations. Other costs, such as utilities or indirect expenses (travel, educational materials, training) were calculated using budget information from the centers themselves. Methodological details about the computation of cost estimates can be requested by contacting Oregon's SBHC state program office.

The cost model project is still in its incipient phase. The cost estimates will continue to improve across time, as additional data are being collected and the model is updated. During 2007, the SBHC state program office plans to conduct a number of in-depth case studies involving Oregon centers in order to obtain more reliable data, improve cost estimates, and thus be able to provide better technical assistance to prospective and existing centers with respect to their budget questions.

### **Overview of costs**

The cost modeling divides expenses in two categories:

- 1) expenses incurred during planning phases I and II, before the center opens, known as "startup costs"; and
- 2) expenses incurred during each school year of operation, known as "annual costs of operation".

Startup expenses are similar for both core centers (basic centers functioning with a minimum amount of staffing and hours of services as required by certification) and expanded centers (centers that have "full time" staffing and hours during the school year). However, annual operation expenses vary from core to expanded centers. We thus project costs of annual operation for core centers, expanded centers, and, assuming that centers would gradually increase their hours and services, "intermediate" centers (in between core and expanded). In addition, we calculate annual operation costs for centers that are open all year.

In what follows, we provide an overview of the resources needed for startup and annual operation expenses for core, intermediate and expanded centers. We also present total cost estimates for each category of centers; the estimates provide the median (typical or mid range) cost; as well as a range of potential costs from minimum to maximum.

Table 1 presents an overview of startup costs for centers that do not build their own space (known as “modular”) but are rather using a space on school property that they renovate and use as the SBHC facility; and startup costs for centers that build their own modular on school property. Table 2 presents annual operation costs for core centers, “intermediate level” centers, and expanded centers open during the school year. Table 3 presents annual operation costs for the same three types of centers, assuming that the center is open year round (although certification only requires centers to be open during the school year, some centers are actually open all year). All figures have been rounded to the nearest dollar amount using \$250 increments.

In general staffing terms, and in accordance with Oregon’s SBHC Standards for Certification (2000<sup>1</sup>, revised 2005<sup>2</sup>), a core center requires 20 hours of health care provider and 15 hours of support staff per school week. An expanded center requires 40 hours of health care provider, 30 hours of support staff, and 20 hours of mental health provider per school week. An “intermediate” level center would then have a mid-level of staffing, meaning 30 hours of health care provider, 22.5 hours of support staff, and 10 hours of mental health provider per school week. In addition, any center needs a minimum of 10 hours of administrator staff time per week.

**Table 1: Overview of SBHC startup costs**

	<b>Mid-range cost</b>	Minimum cost	Maximum cost
<b>Center without modular</b>	<b>\$49,750</b>	\$34,750	\$95,750
<b>Center with modular</b>	<b>\$128,250</b>	\$110,250	\$163,750

**Table 2: Overview of SBHC annual costs (if SBHC open during school year only)**

	<b>Mid-range cost</b>	Minimum cost	Maximum cost
<b>Core center</b>	<b>\$90,750</b>	\$41,000	\$212,500
<b>Intermediate center</b>	<b>\$121,750</b>	\$60,000	\$247,000
<b>Expanded center</b>	<b>\$152,750</b>	\$88,500	\$311,250

**Table 3: Overview of SBHC annual costs (if SBHC open year round)**

	<b>Mid-range cost</b>	Minimum cost	Maximum cost
<b>Core center</b>	<b>\$116,000</b>	\$56,500	\$255,000
<b>Intermediate center</b>	<b>\$162,250</b>	\$85,000	\$277,500
<b>Expanded center</b>	<b>\$208,500</b>	\$127,000	\$402,500

<sup>1</sup> Section C, pages 7-11.

<sup>2</sup> <http://www.oregon.gov/DHS/ph/ah/sbhc/certstandrev05.doc>

What exactly makes up these costs?

**Startup costs** are comprised of:

1. Space costs: costs for renovating the space (if using school facility) or costs of building a modular and installing it on school property
2. Furniture (desks and chairs for primary care provider and office assistant, reception area furniture, bookcase, locking file cabinets for patient records, locking medication cabinet, etc)
3. Electronic equipment (computers, monitors, printer)
4. Office equipment (telephones, fax/copier, paper shredder)
5. Medical equipment
6. Salary and benefits for administrative staff during planning phases

**Annual costs of operation** are comprised of:

1. Staffing costs (primary care provider, registered nurse, mental health counselor, office support and system administrator salaries)
2. Staff benefits costs (benefits for staff: paid leave, supplemental pay, insurance, retirement and savings, and legally required benefits)
3. Utilities, maintenance and janitorial services for SBHC facility
4. Indirect expenses (staff travel, training, conferences, seminars, membership and dues, educational supplies and informational services such as software, computer and records security)
5. Medical supplies and medication
6. Office and program supplies

***On average, over 80% of the annual costs of operation of SBHCs are comprised of staffing salaries and employer costs for staff benefits.***