

# DOUGHERTY MORTGAGE LLC

## Transforming rural healthcare through infrastructure investment – from an idea to three-dimensional reality



1. Is there an opportunity to grow, integrate, and coordinate **primary care and wellness** more effectively?
2. Are existing service lines **constrained** in the ability to meet community needs by the amount or location of space?
3. Is there a community need for **additional service lines** that cannot be provided as a result of lack of space?
4. Can you create **operational efficiencies** by co-locating service lines allowing staff within the department to be timelier in providing care?
5. If departments were adjacent that currently are not, can you **cross-train staff** to provide services within both areas to match staffing to volume more effectively?
6. Are existing **infrastructure and mechanical systems** at the end of their useful life requiring replacement? What is the best long-term strategy?
7. Are there opportunities to **increase quality**?



8. Is there an **existing strategic plan** supported by a process of staff engagement and execution?
9. Does the hospital have a **track record** of profitable operations and sufficient excess cash on hand (approximately \$200,000) to pay for the advisory services needed to help plan and design the facility investment?
10. How are the demographics of the Primary Service Area changing? How does this relate to the **changing needs for healthcare**?
11. What is the **existing market share** capture? What opportunities exist for reducing outmigration?
12. What segments of the population are **not fully utilizing existing services**?
13. What **alternatives** other than a facility investment exist for improving market share?
14. What are the expected impacts in terms of improved efficiencies, alignment with primary care, and/or an improved system of care quantified as cost savings or enhanced revenue through volumes?



15. Has the proposed site for the project been evaluated for **environmental** problems?
16. Is the proposed project **sized to the needs** identified in the business plan?
17. Is the project focused only on an immediate need without consideration to **potential future needs**?
18. How does the facility investment align with population health?
19. What are the estimated costs? How much of the cost will be passed through the cost report? For Critical Access Hospitals, what is the gap in cost-based reimbursement in comparison to debt service payments?
20. Were stakeholders such as physicians and the board involved in the development of and fully engaged in support of the business plan?
21. Does the proposed project have the necessary regulatory approvals?



22. What are the anticipated **sources of capital** to support the project (debt, equity, taxes, operations, fundraising)?
23. Can you secure a **financing commitment** to fund the project with a clear budget to guide detailed architectural design services (schematic design, design development, and construction documents [often costing into seven figures])?
24. Is the **interest rate fixed** for the entire term of the debt?
25. Are your potential **lenders experienced in rural healthcare** and do they understand your vision and facility investment goals?



26. Is there sufficient experience internally to evaluate the **pros and cons of the different approaches** on the delivery methodology (design-bid-build), design-build, construction manager at-risk)?
27. Do you have a **trusted team of third-parties** experienced in rural healthcare assisting with the project (strategic consultants, financial advisor, financial feasibility, appraiser, architect/design builder, attorneys, banker, project manager, and contractor)?
28. Was the **selection of the team** done in accordance with requirements from the committed financing source?



29. Does the **total project budget** include all costs (construction, soft costs, medical equipment, FFE [furniture, fixtures, and equipment], cost of issuance, capitalized interest, debt service reserve fund, and contingencies)?
30. Is there sufficient **communication and a feedback loop** between the architect and contractor to ensure the project is designed and delivered within budget?
31. Does the facility manager have **sufficient experience** in managing a multi-million dollar healthcare construction project or is outside assistance required?