



MILES OF SMILES
DARE COUNTY HEALTH DEPARTMENT
DARE COUNTY, NORTH CAROLINA

**Cathy Doyle, Jack Flythe, Arlene Hibler,
Randy Latta, Amy Montgomery,
Laurie White**

GREEN COHORT

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EXECUTIVE SUMMARY

With capital funds to purchase a double operatory mobile dental van, we will improve and expand the Dare County Health Department Dental Health Program. Our expanded program will be known as Miles of Smiles. The mission of the Miles of Smiles program is to provide access to dental care and oral health education to low-income and underserved children ages 1-19 living in Dare *and* Hyde counties, North Carolina.

Access to dental care is a major problem facing all North Carolinians, especially low-income children. Traditionally, the NC Board of Dental Examiners has controlled the supply of dentists in the state. North Carolina is one of (2) states in the nation that does not offer professional reciprocity to dentists licensed to practice in another state. This has resulted in a state-wide and local shortage of dentists. Nationally, there are 1667 persons/dentist. In NC, there are 2632 persons/dentist and in Dare County there are 3300 persons/dentist which is approximately half of the national average. *There is no dentist in Hyde County.* Low Medicaid participation among North Carolina dentists is another industry trend contributing to the existence of the need that our expanded program will address. According to the NC Institute of Medicine's Task Force on Dental Care Access, a mere 16% of North Carolina dentists (one of the lowest rates in the country) provide services to Medicaid recipients. In Dare County, there are no dentists who accept Medicaid patients, and since there is no dentist in Hyde County, obviously the need there is great.

The fact that there is not a single dentist providing dental care to Medicaid recipients in Dare and Hyde Counties creates a market niche where there is a payor source for services that are not being provided. Combined, there are approximately 2500 children living in our two-county region that meet the criteria of low-income and/or underserved and are considered part of our target market. Based on a four day/week clinic schedule over 48 weeks/year with an average of 10 appointments per day, the Miles of Smiles program will have close to 2000 available appointments per year. Based on our industry analysis, each patient utilizing our services will be seen an average of 3 times in one year, meaning that in the first year we will likely serve 1000 of the 2500 potential clients in our target population.

In light of the fact that the shortage of dentists is the root cause of the problem, the ability to find a dentist is a key industry success factor. Based on traditionally low Medicaid reimbursement rates, low overhead is another key success factor, not to mention access to the often hard to reach Medicaid population. It is important to note that Miles of Smiles has a commitment letter in hand from a dentist who is willing and eager to begin work on the project. With the capital funds requested in-hand, over head will be low, and based on the fact that services are mobile and will be provided on school grounds, during school hours – the hard to reach population is right at our finger tips.

Financial success is also at our fingertips. We can expect to sustain our operations based on fee-for-service revenue, beginning in the very first month. At the end of the first year, our revenue over expenditure will be \$56,169. At the end of five years, we can expect to accrue a fund balance of approximately \$275,197. We will likely re-invest this revenue to expand the program, which may include building a fixed-site clinic to serve low-income, underserved adults.

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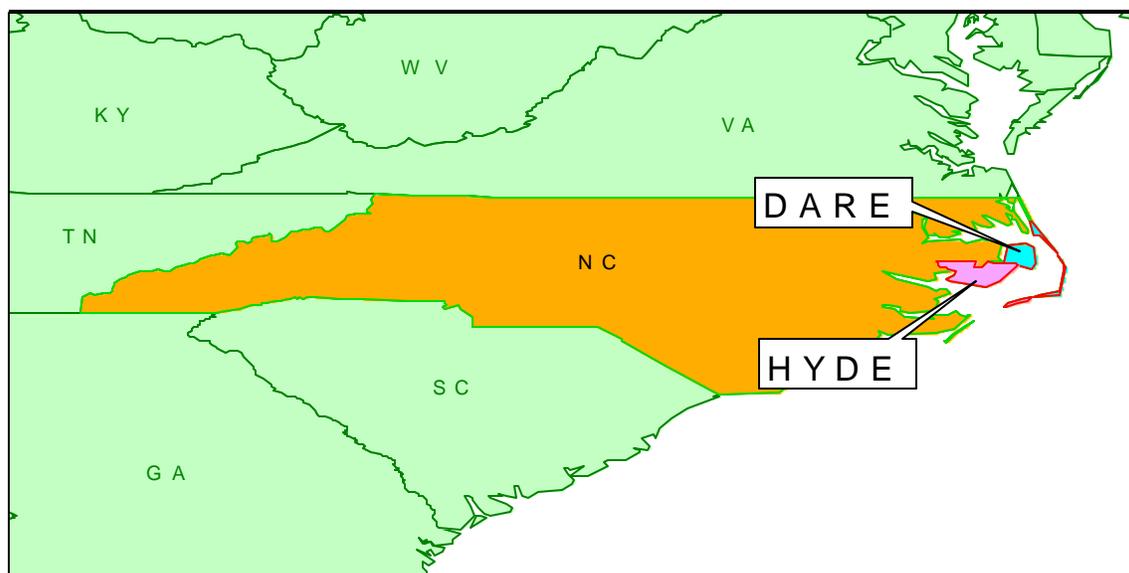
DEFINITION OF THE PROJECT

The mission of the Miles of Smiles program is to provide access to preventive and restorative dental care to children ages 1-19 living in Dare and Hyde counties, North Carolina. The goals of the Miles of Smiles program are to prevent unnecessary dental decay and to build lifelong dental health habits among the children we serve.

The Miles of Smiles Children's Dental Program will address the "dental divide" that exists in Dare and Hyde Counties, North Carolina. Services will include preventive and restorative dental care for children living in poverty or in an area where access to dental care is limited or non-existent. Miles of Smiles will also include an educational component that teaches oral health education to children pre-school -12th grade. Services will be provided via a double operator mobile dental van that will travel to daycares, pre-schools, K-12 schools and other convenient locations for children to access services. Payor sources will include Medicaid, HealthChoice, and private pay using a sliding fee scale.

Miles of Smiles is an expansion of the small scale mobile dental program currently serving low-income and underserved elementary school children at 3 of the 4 elementary schools in Dare County. The current program is in jeopardy due to the fact that the van being used to provide mobile services is over 20 years old and is on its last leg. The business plan for expanding the current program includes the provision of services to *all* low-income school-age children in Dare County as well as the inclusion of neighboring Hyde County as part of our service area. This business partnership is a win-win, in that including Hyde County in our service area provides a patient base to sustain operations for low-income children based on Medicaid revenue. This business partnership also provides Hyde County children with something they have never had before— direct access to dental care – since there is no dentist practicing in all of Hyde County.

The following map provides a visual of the Miles of Smiles service area:



The following measurable objectives will insure that our mission and goals are met:

- Objective 1:** DCHD and Hyde County Health Department (HCHD) will secure permission from daycares, preschools and K-12 schools to bring services on-site.
- Objective 2:** DCHD and HCHD will develop referral sources for services.
- Objective 3:** DCHD will recruit and hire a FTE dentist, Dental Assistant II, and Program Manager.
- Objective 4:** The Dentist and Dental Assistant will provide oral health education in at least (3) daycare/preschool centers, and all K-12 schools in both counties.
- Objective 5:** Year 1, Miles of Smiles will keep at least 1800 appointments with children ages 1-19.
- Objective 6:** At least, (75%) of appointments will include a comprehensive exam, cleaning and fluoride varnish.
- Objective 7:** Fifty percent (50%) of patients will receive protective sealants.
- Objective 8:** Miles of Smiles services will decrease, by 30%, the need for restorative care among patients at their 6 month recall appointments.

An advisory board of dentists, school nurses, child advocates and public health officials from the bi-county area will be convened to provide oversight and guidance to insure that appropriate services are delivered and that community needs are being met. A dentist, dental assistant, and dental program manager will be hired to staff the Miles of Smiles Children's Dental Program. Referral sources will be built through relationships with Dare and Hyde County Schools, local daycares/pre-schools, local dentists who do not see Medicaid patients, school nurses, the Children and Youth Partnership for Dare County, and the Hyde County Partnership for Children. The Dare County Health Department will administer the program, as well as fiscally manage revenue and expenditures. The Dare County Health Department and Hyde County Health Department will, upon availability of funds to purchase the mobile dental van, enter into an interlocal agreement making services available in both counties, and ensuring that all revenues over expenditures are fairly distributed between partnering agencies. The interlocal agreement is attached as **Addendum A**.

Funding for Miles of Smiles will be generated from a variety of sources. Grant funds will be sought through the Kate B. Reynolds Charitable Trust to purchase a double operatory mobile dental van. Operating expenses, including salaries, will be generated from fees-for-service. Once the program fund balance is sufficient, we will consider reinvesting profits to expand services to include fixed-site dental clinics for adults.

INDUSTRY ANALYSIS

Miles of Smiles is a Public Health and business venture that will compete in the industry of Dental Care for Low-Income/Underserved Children Ages 1-19. The shortage of dentists in Dare County and neighboring Hyde County creates the market niche we intend to target with Miles of Smiles. Hyde County is without a single dentist, and of the 9 dentists in Dare County, there are none currently participating in the Medicaid program.

The supply of NC dentists is a statewide issue that has been in the political hot seat for a few years now. Traditionally, the NC Board of Dental Examiners has controlled the supply of dentists in the state. North Carolina is currently one of (2) states in the nation that does not offer professional reciprocity to dentists licensed to practice in another state. At present, the problem seems to be getting worse, not better, as there has been a net gain of 43.7 practicing dentists per year in the state, which amounts to a 1.5% increase in practicing dentists compared to a 1.7% annual population growth. Thus, our supply of new dentists is barely keeping up with our growth in population, and doing little to make up for the shortage of nearly 1800 dentists to serve North Carolina's existing population. It is only recently that small steps have been made on the political front. The NC Institute of Medicine's Task Force on Dental Care Access has made several recommendations that relate directly to the importance of increasing the supply of dentists in our state. Some legislation was introduced during the last year indicating that the NC Board of Dental Examiners is becoming more willing to bend toward providing out-of-state dentists with alternate and more accessible ways of gaining licensure to practice dentistry in the state of NC.

Dental Care Access In North Carolina

<i>Dental Care Access</i>	<i>Dentists</i>	<i>Dentists Accepting Medicaid Payments</i>	<i>Patients/Provider</i>
Nation			1667
North Carolina	3037	486	2632
Dare County, NC	9	0	3300
Hyde County, NC	0	0	No Dentist In County

Low Medicaid participation among North Carolina dentists is another industry trend contributing to the existence of the market niche we are targeting. According to the NC Institute of Medicine Task Force on Dental Care Access, a mere 16% of North Carolina dentists (one of the lowest rates in the country) provide services to Medicaid recipients. According to the NC Dental Society, this low participation rate is due in large part to the fact that on average, North Carolina Medicaid pays dentists approximately 62% of their usual, customary and reasonable charges (UCR) for 44 of the most common procedures for children, and 42% of the UCR for other procedures. Also according to the NC Dental Society, the average overhead cost of operating a dental practice is approximately 60% of total revenues. Coupled with the high rate of broken appointments and poor patient adherence among Medicaid patients, seeing Medicaid patients often results in lost revenue, or at best, barely breaking even for dentists operating private practices.

Most important, our industry analysis revealed that success in this industry *is possible*. Our analysis provides several examples of successful mobile dental programs serving Medicaid eligible children - including our own experience with a small-scale operation. For the past three years, Dare County has leased a 20-year-old single operatory mobile dental van from the Economic Improvement Council to provide dental care services to underserved children. The van, which is nearing retirement, has operated an average of 10-12 weeks per year, seeing only elementary school children. The van has been staffed with a retired Public Health Dentist and a dental assistant, and has been financially self-sustained based on Medicaid, HealthChoice, and Self-Pay revenue. The Craven County Health Department Smile Mobile is an example of a successful larger-scale operation serving low-income/underserved children in a three county region. Based on information provided by their program manager, their no show rate is typically less than 10% and their revenue over expenditure for FY 1999-2000 was \$196,565.

A closer look at these programs provides insight into the key success factors of the industry and evidence that Miles of Smiles will be a successful Public Health and business venture. One obvious key success factor is the ability to find a dentist to provide services. Another key success factor is mobility of services. Taking dental services on the road and parking the unit in the school parking lot dramatically cuts down on the no show rate – which is typically high among the Medicaid population. Having school nurses identify eligible students and coordinate parent permission and eligibility paperwork also increases the patient compliance rate. Overhead for mobile dental programs also tends to be much less than that of a private dental practice, thus making up for the sub-standard Medicaid reimbursement rates.

It is important to note that Miles of Smiles has a commitment letter in hand from a dentist who is willing and eager to begin work on the project (**See Addendum B, Commitment Letter, Randy Latta, DDS**). With initial investment from Kate B. Reynolds to purchase the mobile dental unit, including all the necessary dental equipment, we will begin the program debt free and enjoy less overhead than a typical private practice paying a mortgage or high-end rent. In addition, the billing department already in place at the Dare County Health Department will handle billing for and receipt of payment. Administrative oversight will also be handled by the Dare County Health Department, saving thousands of dollars in fees for a business manager and/or financial consultant. It is also important to note that the goal of the Miles of Smiles program, much like the Craven County program, is to break even and/or enjoy a modest profit. The provision of desperately needed services and sustainability of the program are the bottom line Public Health and financial goals of Miles of Smiles.

TARGET MARKET

Miles of Smiles will target children living in poverty and/or in areas where access to dental care is limited or non-existent. According to the NC Department of Health and Human Services Office of Healthy Carolinians, oral health is the single most common health problem among children in North Carolina. Oral health is important to the natural growth and development of children. Lack of adequate dental care can result in pain, inability to eat, retarded growth, missed school days, difficulty learning, speech problems, poor nutrition, and loss of self esteem.

The fact that there is not a single dentist providing dental care to Medicaid recipients in Dare and Hyde Counties creates a market niche where there is a payor source for services that are not being provided. Our target market is narrowed by the high level of need and opportunity to prevent dental decay among children ages 1-19. The fact that general practice dentists are often unwilling to treat young children, and the inability of low-income children to access services contributes to the large number of young children with untreated dental disease. Statewide, 38% of all children entering kindergarten have dental decay, with 23% of this decay left untreated. In Dare and Hyde Counties, nearly 20% of kindergarten students have been identified by the NC Oral Health Screening Program to have untreated decay. These statistics are hard to live with from a Public Health perspective when a simple procedure such as providing fluoride varnish to very young children could help reduce the incidence of dental disease among this population by 40%.

As a target market, children are also a captive audience by virtue of their enrollment in local schools. The Miles of Smiles mobile dental van will travel to every school in both counties and appointments will be scheduled both during and after school hours, making the target market and dental care services easily accessible. Currently in Dare County, there are 1319 children ages 0-19 enrolled in the Medicaid program and another 309 receiving HealthChoice. In Hyde County, there are 1165 children living in a community with no direct access to dental care. Fifty-three percent of Hyde County school children (589) are participating in the free lunch program with another 17% (189) receiving reduced cost lunch. Combined, there are approximately 2500 children living in our two-county region that meet the criteria of low-income and or underserved and can be considered part of our target market for the Miles of Smiles program. Based on a four day/week clinic schedule over 48 weeks/year with an average 10 appointments per day, the Miles of Smiles program will have close to 2000 available appointments per year. Based on information provided by the Craven County program, each patient utilizing the service will be seen an average of 3 times in one year, meaning that in the first year we will likely serve 800-1000 of the 2500 potential clients in the target market – assuming that not all of them require multiple appointments.

Target Market: Children 1-19 Eligible for Miles of Smiles Services

	Medicaid/HealthChoice/Free or Reduced Cost Lunch Enrollees
Dare County	1628
Hyde County	778
Total	2406

COMPETITION

There is currently no direct competition to the Miles of Smiles Program in Dare or Hyde Counties as there is no dentist practicing in Hyde County and there are no dentists in Dare County who see Medicaid eligible children. Furthermore, The Dare County dental community has been in full support of the Dare County Health Department Mobile Dental Program that has been in operation on a very limited basis for the past (3) years. As long as the shortage of dentists exists in Dare and Hyde Counties, there will be more privately insured and private pay clients than the general practice dentists in our area can see, leaving Medicaid and uninsured clients for the Miles of Smiles program to serve.

The following chart outlines key success factors in the industry. The Miles of Smiles program has the competitive edge necessary to be a success in the industry.

Key Success Factors: Dental Care for Low-Income/Underserved Children 1-19

Key Success Factors	Miles of Smiles	Private Practice Dentists
A Dentist	Yes, Randy Latta, DDS	9 in Dare County; 0 in Hyde County
Low Overhead	Yes; Debt, Mortgage and Rent Free	Incomplete Data on overhead of local dentists.
Direct Access To Target Market	Yes; School Nurses will work within the schools to market services and collect parent permission slips and health insurance information.	No direct access to the target market. Traditional marketing access only, ie: yellow pages, word of mouth, etc.
Mobile/On-Site Services	Yes; Services will be provided using a double operator mobile dental unit that travels to daycares, preschools and schools.	None provide mobile services; all are fixed sites.
Desire/Ability to Treat Pediatric Patients	Yes; Randy Latta, DDS has experience working on mobile dental vans for children.	No pediatric dentist in Dare or Hyde County.
Equipment To Treat Pediatric Patients	Yes; Specifications of the mobile dental unit include equipment that will enable appropriate and comfortable treatment of children.	No pediatric dentist in Dare or Hyde County.

In terms of future competition, there is a very successful Medicaid Dental Clinic currently operating in (2) locations in the state (Winston Salem and Raleigh) with plans for expansion to Charlotte, Wilmington, and Asheville – with the nearest site still at least a three hour drive from Dare and Hyde Counties. Furthermore, once Miles of Smiles is established in Dare and Hyde Counties it would likely deter this practice from expanding to our area. Moreover, this Medicaid Dental Clinic provides another example of a successful practice operating and profiting on Medicaid revenue

MARKETING STRATEGY

Our marketing strategy will be to utilize our frontline Health Department and dental program staff to market the program to students and their parents. We will also partner with several agencies to generate referrals. Miles of Smiles dental services will be promoted to students and parents as a convenient and affordable way to access preventive and restorative dental care. In all marketing and promotional materials, we will emphasize convenience as a benefit to parents and guardians of children in the target market – for example emphasizing the fact that parents and guardians will not have to take time off from work to get their children to dental care appointments. More specifically, the following strategies will be used to generate referrals for the program:

School Nurses – School Nurses will send promotional materials home to all parents, including the eligibility criteria for accessing services. School Nurses will also contact parents of elementary school children who are identified with dental decay through the NC Oral Health Screening Program. School Nurses will follow up with students and/or parents who express an interest in scheduling an appointment.

DCHD and HCHD Programs – DCHD and HCHD clients participating in a variety of programs, including, but not limited to, Well Child Clinics, Family Planning, Child Service Coordination, and WIC will also be referred to the program.

Children and Youth Partnership for Dare County/Hyde County Partnership for Children – We will partner with the Children and Youth Partnership for Dare County (CYP), CYP's Child Care Resource and Referral Agency, and the Hyde County Partnership for Children to generate referrals from local daycare centers and pre-schools.

Head Start – We will partner with HeadStart in both counties to coordinate on-site services.

Social Services – We will partner with Dare and Hyde County Departments of Social Services to generate referrals.

Dentist/Dental Assistant - The Dentist and Dental Assistant will also provide oral health education in local daycares, pre-schools and K-12 classrooms and will send information home with children and students.

Local Dentists – We will call on local dentists and their front office staff to refer Medicaid, HealthChoice, and no pay children ages 1-19 to our program.

Media – We will use traditional forms of marketing such as press releases to the local papers. We will also make sure that our program is featured in the Dare County Family Resource Directory.

Health Fairs and School Events - We will make sure that the program is promoted at all local health fairs and school events such as Fall Festivals and PTA meetings.

Letters of Support for the aforementioned partnerships are included as **Addendum C**.

PROJECT OPERATIONS AND MANAGEMENT

One of the most important aspects of the success of the Miles of Smiles Program will be to hire and retain key personnel. Key personnel will include a full time dentist, full time dental assistant, and a dental program manager. School Nurses will also play a key role in coordinating the Miles of Smiles Program. Descriptions of key staff and their roles follow:

Dentist: The dentist will be the primary service provider responsible for examining, diagnosing, treatment planning, and performing indicated services on appointed and emergency dental patients.

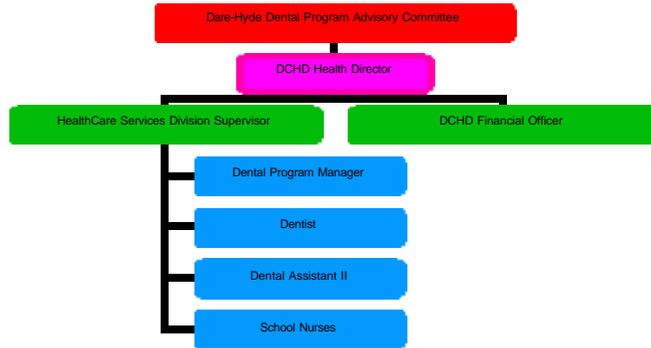
Dental Assistant II: The dental assistant II will prepare all treatment areas according to all OSHA infection control guidelines, obtain dentist ordered x-rays, seat and prepare patients for dental examinations and treatments, assist the dentist with all dental procedures, perform all steps in cleaning, packaging, and sterilizing instruments in preparation for the next use, and maintaining adequate inventories of all required materials by ordering instruments and supplies on a monthly basis. The dental assistant will also assist with charting and billing.

Dental Program Manager (DPM): The DPM will coordinate the movement of the van from location to location. He or she will also work with daycare/preschool directors and school nurses to schedule appointments. The DPM will also make reminder calls for scheduled appointments, and will make call backs for program or service inquiries. The DPM will also be the contact individual for intake of all patients. The DPM will also triage emergency appointments according to emerging need and available treatment times. The DPM will also be responsible for all treatment and data input into the appropriate dental and accounting software and record keeping preparation and delivery of daily reports to the DCHD for appropriate processing.

School Nurses: Dare County is fortunate to have a school nurse in every school. Hyde County also has one school nurse who will work closely to help schedule children and youth for services. School nurses will be responsible for marketing the program within their schools and coordinating with their respective school principals and the DPM to

schedule the van. School Nurses will also distribute and collect parent permission and eligibility forms, and work with the DPM to schedule students for appointments. Services of the school nurse will be in-kind services – as supplied by the Dare County Health Department and Hyde County Schools.

The Organizational Chart below is provided as a visual guide:



Administrative oversight, program management, daily operations, outcome measures, information management and equipment and supplies are also important considerations included in our Project Operations and Management. In addition to hiring and retaining key personnel, the following considerations have been made regarding Project Operations and Management.

Administrative Oversight for the program will be provided by an Advisory Committee which will meet at least twice per year and on an as-need basis. The Advisory Committee will include the Health Directors, Board of Health Chairpersons, Finance Officers, and Lead School Nurses from both Dare and Hyde Counties, and all Miles of Smiles Program Staff. At least two parents of children who receive Miles of Smiles services will also participate on the Committee to offer insight about accessibility issues and ideas for optimum delivery of care. The Committee will oversee the budgetary and financial management of the program, as well as any changes in target market or service delivery. During their summer meeting, the Committee will develop a year-long calendar designating the location of the mobile dental unit.

Program Management will occur through close cooperation between the DPM, School Nurses, and program staff. The DPM will be ultimately responsible for program management and will serve as the liaison between the mobile dental unit and the Health Department administrative and billing staff. In year-one of operation, the Miles of Smiles program will operate on a four-day-per-week clinic schedule from 8:00AM – 4:30PM. On clinic days, the DPM will open the van, manage the appointment book, provide intake for patients including all paperwork, answer phone calls, manage the intake of emergency appointments, follow up on the scheduling of future appointments, and maintain any necessary contact with Health Department administration and billing staff. On the fifth day of the work week, the DPM will coordinate the van’s movement

schedule, schedule on-site appointments, chart, complete billing paperwork, and work with the dental assistant to order supplies.

Daily Operations of the program will generally follow these specifications. The Miles of Smiles van will be parked at a designated school and adequately hooked up to school/county provided water, 220 volt electrical, and sewage disposal - all adaptable to the standard van installations and complying with all local, state, and national environmental codes, in an accessible but non obtrusive location at each location served.

Prior to the arrival of the van at each school, the School Nurse will serve as a liaison between the DPM and the school principal to insure proper coordination of the van for the delivery of on-site services. The school nurse will also provide information about the program and services, including parent permission forms and health insurance/eligibility forms for distribution to students. The school nurse will also work with the DPM to schedule appointments for students. The school nurse will also gather the returned permission forms for treatment and health insurance information and submit them to the DPM prior to the van's arrival on school grounds.

Once the van opens for business on any given day, the DPM will usually retrieve (2) patients at a time from the school during normal school hours and escort them to the Miles of Smiles van. Every attempt shall be made by all staff at all times to encourage an enthusiastic, friendly, and non-threatening atmosphere for dental visits to create lifelong positive attitudes toward dental health. Typical patient flow will be to obtain ordered x-rays (usually 2 bitewing radiographs and selected individual periapicals as indicated), perform a dental prophylaxis (cleaning) within the legal parameters of a Dental Assistant II, and then an examination will be completed by the dentist. The diagnosing dentist will determine if any additional procedures are to be performed at that sitting such as dental sealants or minor restoratives (fillings). Based on time restraints and the extent of the treatment needed, the dentist may recommend that the DPM re-schedule the student for a return appointment for treatment.

It will be encouraged that 1st time pediatric dental patients experience an enjoyable, minimally invasive, and fun dental experience. Minimal initial dental experiences build confidence toward much greater tolerance and acceptance of involved treatments should they be required subsequently and in later adult life. The treating dentist shall make every effort to make chart documentation in a timely manner in order that the DPM can enter all required data into the programs as it is completed for each patient, there by making end-of-day/week reports available quickly and efficiently for submission to the DCHD for processing.

Outcome Measures will measure quantity and quality of services. Quality will be assured as all work performed in this program shall be performed by a dentist duly licensed by the North Carolina State Board of Dental Examiners, known for it's specific high standards. Successful determination of the quality of dental services will become evident at 6 month recall appointments. Repeated need for invasive procedures drops significantly in populations utilizing competent, effective, and periodically available dental services.

This is a trend we expect to document and report. Quantity will be measured by the following patient projections. We expect to serve an average of (10) patients per day for (4) days per week, (48) weeks per year. Based on an approximate 10% no show rate, we keep 1800 appointments in the first year of operation.

Information Management will be simplified by utilization of data processing dental software. Use of such data processing system in any dental setting is now considered a usual and customary operating procedure. We will use a proven program such as EasyDental, SoftDent, or Dentrrix for our operation, as it will greatly enhance our efficiency and functionality in processing patient charts, billing, and statistical data reporting. We will also avoid transporting cabinets full of paper charts from school to school by using chair-side data entry software. With integrated digital radiography, even dental films become part of the program and saves not only space, but provides immediate access to every child's record and films - not to mention the eliminated costs of x-ray processing tanks, dryers, mounts and the additional personnel to transcribe paper records into LHD systems.

Equipment and Supplies are essential to our operation. A mobile dental van equipped to address the clinical needs of the pediatric population will be purchased. Specifications of the Miles of Smiles van (**See Appendix D**) includes reliable and quality instruments, equipment, and supplies at very competitive cost compared to the fully equipped adult fixed clinic. The repertoire of pediatric needs is usually limited and therefore requires less inventory at all levels, however, the standard of care in all instances should be foremost and quality items in all categories should be obtained for their reliability, durability, and optimum functionality for all healthcare patients, regardless of economic ability to pay. The Miles of Smiles Children's Dental Program will showcase how technology and careful planning can result in an economical and efficient method of quality health care delivery.

Supplies for the Miles of Smiles van shall be stocked in a manner consistent with their use and storage space availability in the mobile clinic setting. Dental suppliers are accustomed to these modes of delivery and can arrange regular inventory checks. The dental assistant will inventory supplies every Friday. Ordering will likely take place on a monthly basis, however, the dental assistant may contact a supplier if there is a need for a supply between regular monthly orders.

IMPLEMENTATION PLAN AND TIMELINE

The implementation timeline that follows details the steps we will take to secure funding to purchase the mobile dental van, purchase the mobile dental van, hire staff, coordinate the year-long mobile van schedule and begin operations. The timeline is tight, but do-able.

ACTIVITY	DATE COMPLETED
FEASIBILITY PLAN DEVELOPED	NOVEMBER 15, 2001
BUSINESS PLAN DEVELOPED	JANUARY 15, 2002
DRAFT DARE-HYDE INTERLOCAL AGREEMENT	FEBRUARY 15, 2002
INTERLOCAL AGREEMENT SIGNED	MARCH 15, 2002
SUBMIT APPLICATION TO KATE B REYNOLDS	MARCH 15, 2002
FUNDING RECEIVED FROM KATE B REYNOLDS	JUNE, 2002
BID PROCESS UNDERWAY	JUNE, 2002
MOBILE DENTAL VAN ORDERED	AUGUST, 2002
1ST COMMITTEE MEETING HELD	SEPTEMBER, 2002
STAFF HIRED	FEBRUARY, 2003
MOBILE DENTAL VAN DELIVERED	FEBRUARY, 2003
SERVICE BEGINS	MARCH, 2003
SUMMER COMMITTEE MEETING HELD	JULY, 2003

RISKS AND EXIT PLAN

Risks

There are several risks as we embark on this business venture. Although there are no direct competitors on the horizon, (ie: dentists who take Medicaid clients), future state level decisions could greatly impact our business. For example, the NC Board of Medical Examiners could open the floodgates and award reciprocity to dentists licensed to practice in other states. An influx of dentists into our state would be a welcome change from a public health perspective, but in the long-term could mean some competition for our business. In addition, a state budget crisis could result in reduced Medicaid payments, which could have a detrimental effect on our primary revenue stream. Finally, it is possible, though highly unlikely that a private Medicaid dental clinic like the one currently operating in Winston-Salem and Raleigh would try to set up practice in our service area.

Exit Plan

One of the missions of the Dare and Hyde County Health Departments, as Public Health agencies, is to link people to needed personal health services and to assure the provision of health care when otherwise unavailable. If the time comes when adequate dental care services are available from the private sector to meet the dental care needs of all individuals in our community, we will implement an exit plan. This exit plan would most likely include the sale of the business to a private sector dentist or dental practice, or sale of our equipment to another community in need of a mobile dental unit. Any liquidation of assets would pay off any business debt and then be disbursed in an equitable fashion to the partnering agencies.

FINANCIALS

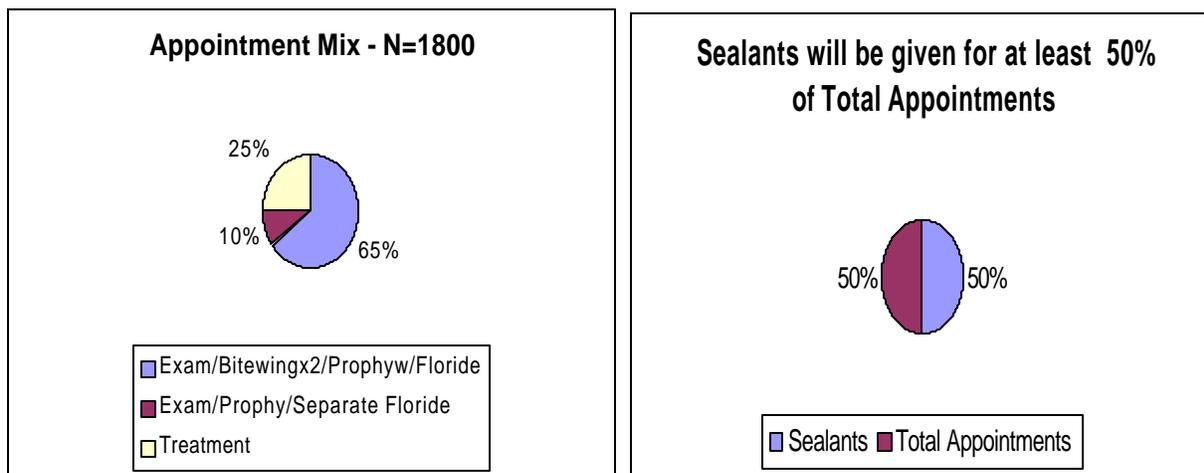
With capital funds in the amount of \$277,000, we will purchase the double operatory mobile dental unit. The Dare County Health Department has \$75,000 in-hand toward the purchase of the mobile dental unit, and is requesting the balance of \$202,000 from Kate B. Reynolds. Our financials will show that fee-for-service revenue will sustain our operations, beginning in the very first month.

Many of the financial projections included in this section of our plan are based on information provided by other successful programs. Key budget assumptions, including average number of appointments per day, appointment mix, and no show rates are conservative projections based on what other similar programs are experiencing.

Key Budget Assumptions

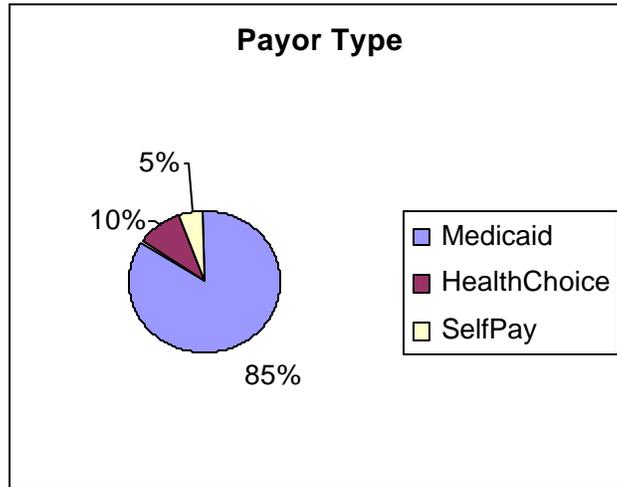
Our first key budget assumption is the projected number of appointments we can expect to keep in a calendar year. We project keeping approximately 1800 appointments the first calendar year of operation. This number is based on a four day/week clinic schedule, operating 48 weeks/year, with an average of 10 appointments/day for an average of 2000 available appointments per year. A 10% no show rate is also factored in, giving us our projected kept appointments per year at 1800.

Appointment Mix is another key budget assumption. The Appointment Mix refers to the types of appointments we can expect to see and in what ratio. The following charts show our projected Appointment Mix.



Approximately 65% of patients will receive a comprehensive oral exam, bitewing x 2 x-ray, and a cleaning with fluoride treatment. Another 10% of patients will receive a comprehensive oral exam, cleaning, and separate fluoride treatment. Approximately twenty-five percent (25%) of patients will receive some type of restorative treatment. Approximately 50% of patients will also require sealants on an average of 4 teeth per patient.

Another key budget assumption is Payor Type. We expect that 85% of our payments will come from Medicaid, 10% will come from Health Choice, and 5% will be paid out-of-pocket by patients. This is an important budget assumption as all of our payment sources and revenue projections are based on Medicaid reimbursement rates for Health Departments providing dental services.



Payment Rates are another important key budget assumption. Projected Payment Rates, including payments from Medicaid, HealthChoice, and Self-Pay are based on Medicaid Reimbursement Rates for Health Departments, revised February 1, 2001.

Projected Revenue By Payment Rate and Type

Type of Service	Payment Rate	Total Appointments Based on Appointment Mix Projections	Revenue
Exam/Bitewingx2/ProphywFluoride	\$96.00	1170 (65% of Appts)	\$112,320.00
Exam/Prophy/Separate Fluoride	\$83.00	180 (10% of Appts)	\$14,940.00
Sealants x 4 (\$32/Tooth)	\$128.00	900 (50% of Appts)	\$115,200.00
Treatment	\$120.00	450 (25% of Appts)	\$54,000.00
Total Revenue			\$296,460.00

Financial Statements

An **Income Statement – Annual By Month** for Year 1 of the project follows. This budget is based on the aforementioned key budget assumptions and details monthly income and expenditures. Our Annual By Month Income Statement also takes into account that the van will only operate (3) out of (4) weeks in December and (2) out of (4) weeks in July.

An **Income Statement- Annual Five Years** also follows. This budget projects income and expenditures over the first (5) years of the project. Key budget assumptions regarding the Annual Five-Year Income Statement are that staff will likely receive a 5% increase in salary each year, and we can expect to see approximately a 3% increase in Medicaid payments each year.

As shown by our **Breakeven Analysis**, we must earn **\$223, 565** to break even and begin to profit. As detailed in our **Cash Flow Statement – July 1, 2003-June 30, 2003**, we can expect to sustain our operations based on fee-for-service revenue, beginning in the very first month. At the end of the first year, our revenue over expenditure will be **\$56,169**. As detailed in our **Cash Flow Statement – July 1, 2003-June 30, 2007** we can expect to accrue a fund balance of approximately **\$275,197** after five years of operation.

For an overall snapshot of the worth of Miles of Smiles, we have included a **Balance Sheet**. For the purposes of the Balance Sheet, we have assumed a 5% depreciation per year in the value of our equipment (mobile dental van). By the end of Year 5 of the project, Miles of Smiles will be worth nearly **\$1 Million Dollars**.

**BALANCE SHEET
FIVE YEAR PROJECTION**

**MILES OF SMILES
DARE COUNTY, NC**

ASSETS	2003	2004	2005	2006	2007
Cash	56,169	112,217	167,537	221,934	275,197
Accounts Receivable	279,187	288,125	296,769	305,672	314,843
*Property and Equipment	271,000	*257,500	*244,500	*332,275	*320,775
Total Assets	606,356	400,342	464,306	527,606	590,040
LIABILITIES/NET WORTH	2003	2004	2005	2006	2007
Wages and Benefits	184,765	193,072	201,795	210,953	220,569
Accounts Payable	38,800	39,005	39,654	40,322	41,011
Retained Equity	382,791	425,765	467,357	608,606	649,235
Total Liabilities/Net Worth	606,356	657,842	708,806	859,881	910,815

* 5% depreciation per year

**INCOME STATEMENT
ANNUAL FIVE YEARS**

**MILES OF SMILES
DARE COUNTY, NC**

INCOME	2003	2004	2005	2006	2007
Medicaid	241,187	248,423	255,876	263,552	271,459
HealthChoice	29,650	30,542	31,458	32,402	33,374
SelfPay	8897	9160	9435	9718	10,010
GROSS PROFIT	279,734	288,125	296,769	305,672	314,843
OPERATING EXPENSES	2003	2004	2005	2006	2007
Salary - F/T Dentist	90,000	94,500	99,225	104,186	109,395
Salary - F/T Dental Asst II	25,000	26,250	27,563	28,941	30,388
Salary - F/T Dental Program Mgr	30,000	31,500	33,075	34,729	36,465
FICA	11,093	11,647	12,230	12,841	13,483
Retirement	7148	7506	7881	8275	8689
Health Insurance	18,624	18,624	18,624	18,624	18,624
401K	2900	3045	3197	3357	3525
Medical Supplies	15,000	15,450	15,914	16,391	16,883
Other Supplies - Office	6000	6180	6365	6556	6753
Advertising	2500	2500	2500	2500	2500
Telephone/Postage	4500	4500	4500	4500	4500
Subscriptions	300	300	300	300	300
Gasoline	2500	2500	2500	2500	2500
Travel and Training	3000	3000	3000	3000	3000
Equipment Maintenance and Repa	1000	1500	1500	1500	1500
Vehicle Registration	1000	75	75	75	75
Vehicle Insurance	2500	2500	2500	2500	2500
Contents Insurance	500	500	500	500	500
TOTAL OPERATING EXPENSES	223,565	232,077	241,449	251,275	261,580
NET INCOME AFTER TAXES	56,169	112,217	167,537	221,934	275,197

**INCOME STATEMENT
ANNUAL BY MONTH**

**MILES OF SMILES
DARE COUNTY, NC**

CASH RECEIPTS	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MARCH	APRIL	MAY	JUNE
Medicaid	21,767	21,767	21,767	21,767	21,767	21,767	10,050	21,767	21,767	21,767	21,767	13,467
HealthChoice	2,676	2,676	2,676	2,676	2,676	2,676	1,235	2,676	2,676	2,676	2,676	1,655
Private Pay (60%)	803	803	803	803	803	803	371	803	803	803	803	496
TOTAL CASH RECEIPTS	25,246	25,246	25,246	25,246	25,246	25,246	11,656	25,246	25,246	25,246	25,246	15,618
CASH DISBURSEMENTS	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MARCH	APRIL	MAY	JUNE
Salary - F/T Dentist	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Salary - F/T Dental Asst II	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083
Salary - F/T Dental Program Mgr	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
FICA	924	924	924	924	924	924	924	924	924	924	924	929
Retirement	596	596	596	596	596	596	596	596	596	596	596	596
401-K	242	242	242	242	242	242	242	242	242	242	242	242
Health Insurance	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552
Medical Supplies	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Other Supplies - Operating	915	415	415	915	415	415	415	415	415	415	415	415
Advertising	500	150	150	150	150	150	150	500	150	150	150	150
Telephone/Postage	375	375	375	375	375	375	375	375	375	375	375	375
Subscriptions			300									
Gasoline	208	208	208	208	208	208	208	208	208	208	208	208
Travel and Trianing	250	250	250	250	250	250	250	250	250	250	250	250
Equipment Maintenance/Repair	85	85	85	85	85	85	85	85	85	85	85	85
Vehicle Registration	1,000											
Vehicle Insurance	2,500											
Contents Insurance	500											
TOTAL DISBURSEMENTS	22,980	18,130	18,430	18,630	18,130	18,130	18,130	18,480	18,130	18,130	18,130	18,135
NET CASH FLOW	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MARCH	APRIL	MAY	JUNE
OPENING CASH BALANCE		2,266	9,382	16,198	22,814	29,930	37,046	30,572	37,338	44,454	51,570	58,686
CASH RECEIPTS	25,246	25,246	25,246	25,246	25,246	25,246	11,656	25,246	25,246	25,246	25,246	15,618
CASH DISBURSEMENTS	22,980	18,130	18,430	18,630	18,130	18,130	18,130	18,480	18,130	18,130	18,130	18,135
ENDING CASH BALANCE	2,266	9,382	16,198	22,814	29,930	37,046	30,572	37,338	44,454	51,570	58,686	56,169

CASH FLOW STATEMENTS

MILES OF SMILES DARE COUNTY, NC

JULY 1, 2003 - JUNE 30, 2003

NET CASH FLOW	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MARCH	APRIL	MAY	JUNE
OPENING CASH BALANCE		2266	9382	16,198	22,814	29,930	37,046	30,572	37,338	44,454	51,570	58,686
CASH RECEIPTS	25,246	25,246	25,246	25,246	25,246	25,246	11,656	25,246	25,246	25,246	25,246	15,618
CASH DISBURSEMENTS	22,980	18,130	18,430	18,630	18,130	18,130	18,130	18,480	18,130	18,130	18,130	18,135
ENDING CASH BALANCE	2266	9,382	16,198	22,814	29,930	37,046	30,572	37,338	44,454	51,570	58,686	56,169

JULY 1, 2003 - JUNE 30 2007

NET CASH FLOW	2003	2004	2005	2006	2007
OPENING CASH BALANCE		56,169	112,217	167,537	221,934
CASH RECEIPTS	279,734	288,125	296,769	305,672	314,843
CASH DISBURSEMENTS	223,565	232,077	241,449	251,275	261,580
ENDING CASH BALANCE	56,169	112,217	167,537	221,934	275,197

BREAKEVEN ANALYSIS

MILES OF SMILES DARE COUNTY, NC

COST DESCRIPTION	FIXED COSTS
Salary - F/T Dentist	90,000
Salary - F/T Dental Asst II	25,000
Salary - F/T Dental Program Mgr	30,000
FICA	11,093
Retirement	7148
Health Insurance	18,624
401K	2900
Medical Supplies	15,000
Other Supplies - Office	6000
Advertising	2500
Telephone/Postage	4500
Subscriptions	300
Gasoline	2500
Travel and Training	3000
Equipment Maintenance and Repair	1000
Vehicle Registration	1000
Vehicle Insurance	2500
Contents Insurance	500
TOTAL FIXED EXPENSES	223,565
BREAKEVEN SALES	223,565