



PLANNING FOR THE FUTURE
EVALUATING RURAL FACILITIES NEEDS THROUGH
A STRATEGIC AND FINANCIAL LENS

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MEET THE SPEAKERS



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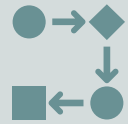


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Stroudwater is a leading national healthcare consulting firm specializing in mission-critical **strategic, operational, and financial opportunities** for **healthcare leaders' most pressing challenges.**

QUESTIONS FOR THE DAY



How do you think about planning for 30 years out when the future is unknown?

Where are we and where do we want to go?
What's happening in our market?
What do we need and what can we afford?



How should you go about facility planning?

Team
Approach
What are the critical elements?



How do you enable financing?





How frequently do you undertake a strategic analysis of your market?

- Never
- Annually
- Every three years
- More than five years between efforts

Poll Question #1

UNDERSTAND WHERE YOU ARE

- Capital Capacity
- Service Area
- Demographics
- Utilization
- Competition
- Existing Assets



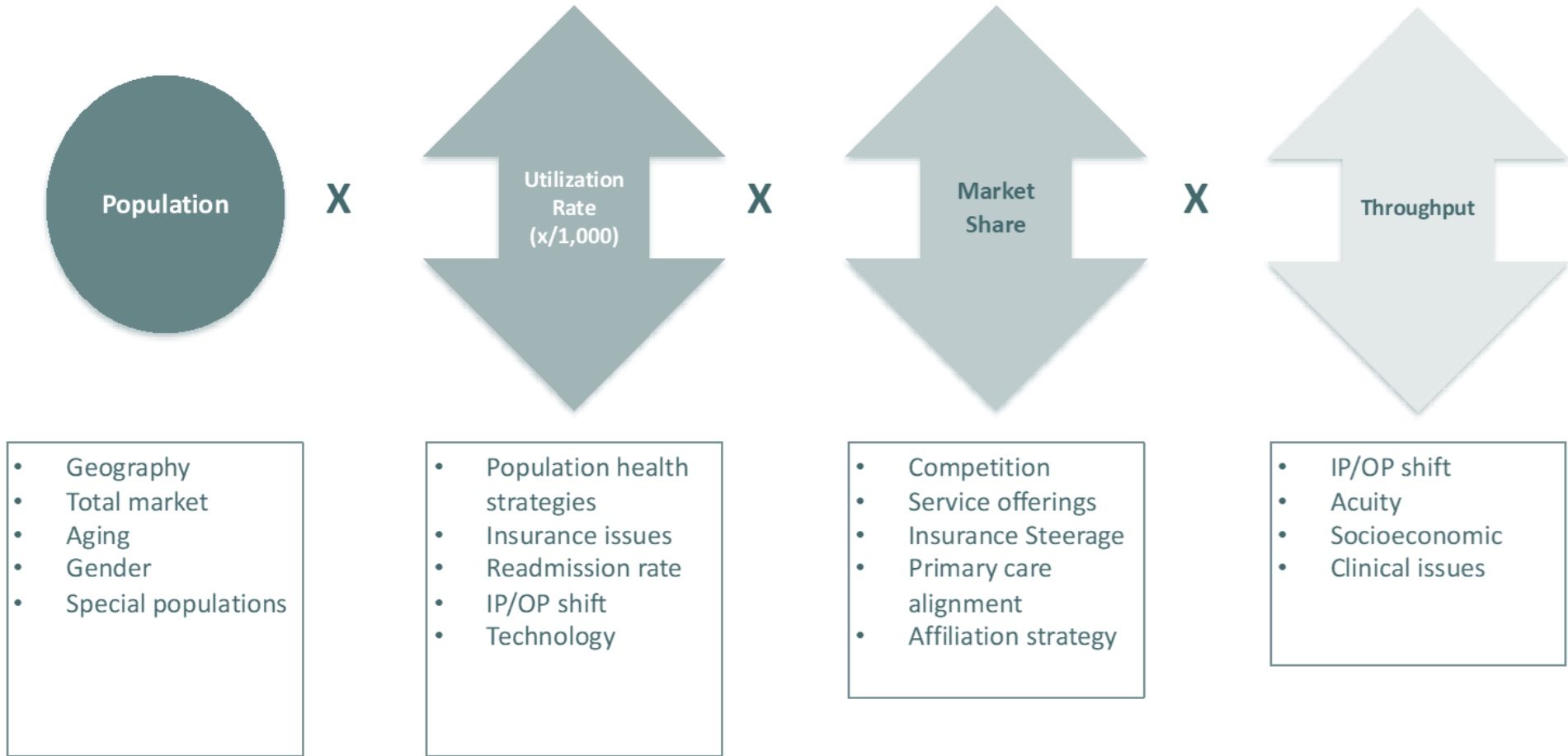


INITIAL CAPITAL CAPACITY PLANNING

- What sources of capital are available?
- What is our current financial status?
 - EBITDA five-year trend
 - Days cash on hand
 - Debt service coverage ratio
 - Existing debt
- Can we take on additional borrowing?
- Do we have a sense of our need for new capital?



FOUR LEVERS OF DEMAND MODELING



Operating Parameters	<i>Random vs Scheduled</i>	<i>Confidence Intervals vs Occ %</i>	<i>Distinct Unit Types</i>
	<i>Universal vs Specialty</i>	<i>Observation</i>	



DEMOGRAPHICS

- Population projections
- Age distribution
- Special groups
- Market dynamics
- Health equity



UTILIZATION OF HEALTHCARE SERVICES

Existing volumes

Inpatient vs outpatient

Service lines

Market share



WHAT/WHERE ARE OUR EXISTING ASSETS?



Main hospital campus

Acute care
Ambulatory care
Nursing home
Ancillaries
Support



Off-site locations

Practices
Ancillaries
Support



UNDERSTAND WHERE YOU'RE GOING

- Market Dynamics
- Strategic Vision
- Facility Master Planning



WHAT'S HAPPENING WITHIN THE MARKET?

- Changes in utilization
 - Inpatient vs. outpatient
 - Technology shifts
 - Virtual care
- Changes in market share
 - Existing competition
 - New entrants



WHAT IS OUR STRATEGIC VISION?

- Geographic area
- Service lines
- Providers
- Volume projections
- Financial objectives





What is the most challenging aspect of facility planning at your hospital?

- Access to capital
- Infrastructure
- Can't accommodate current or projected volumes
- Not able to capture volumes

Poll Question #2



HOW DO WE GO ABOUT FACILITY MASTER PLANNING?



INCORPORATE BROAD PERSPECTIVES



Senior
Management



Medical Staff



Board /
Community



Departmental
Leadership

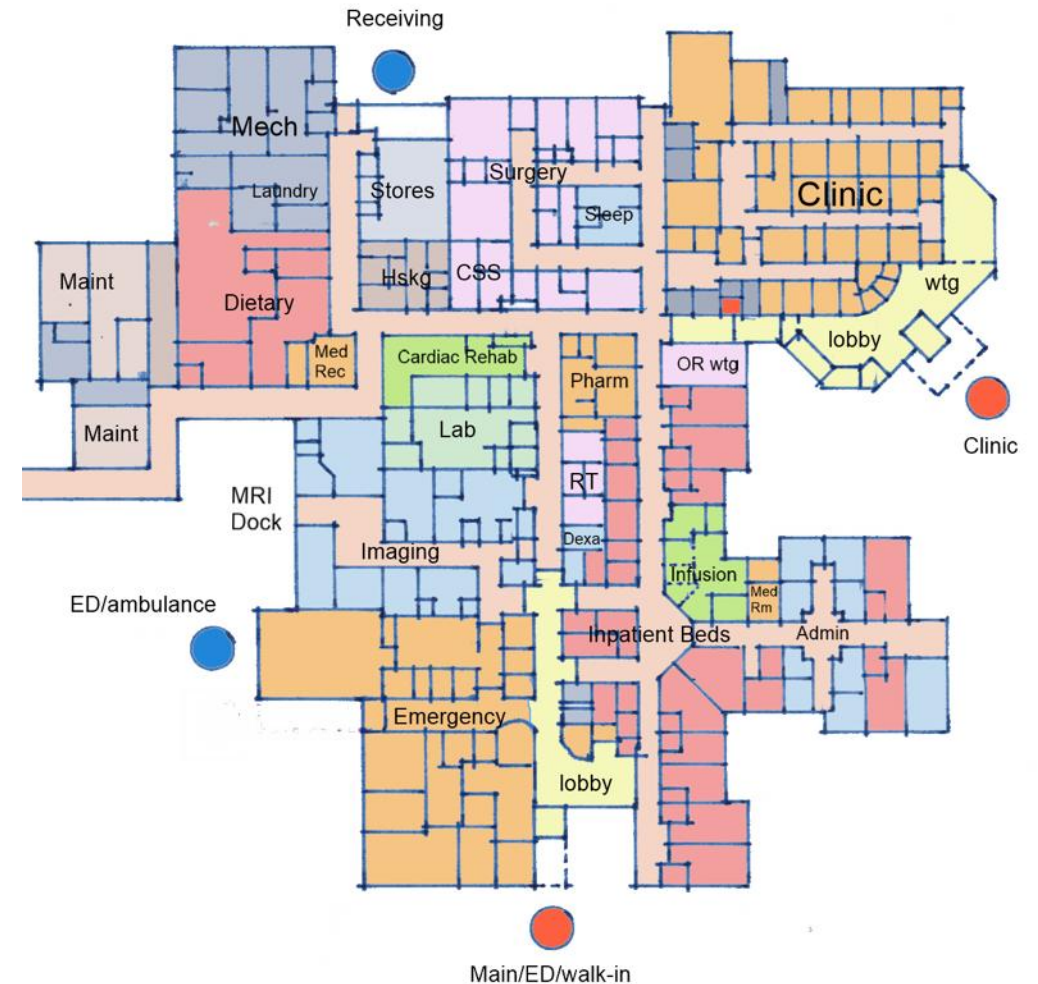


Patients



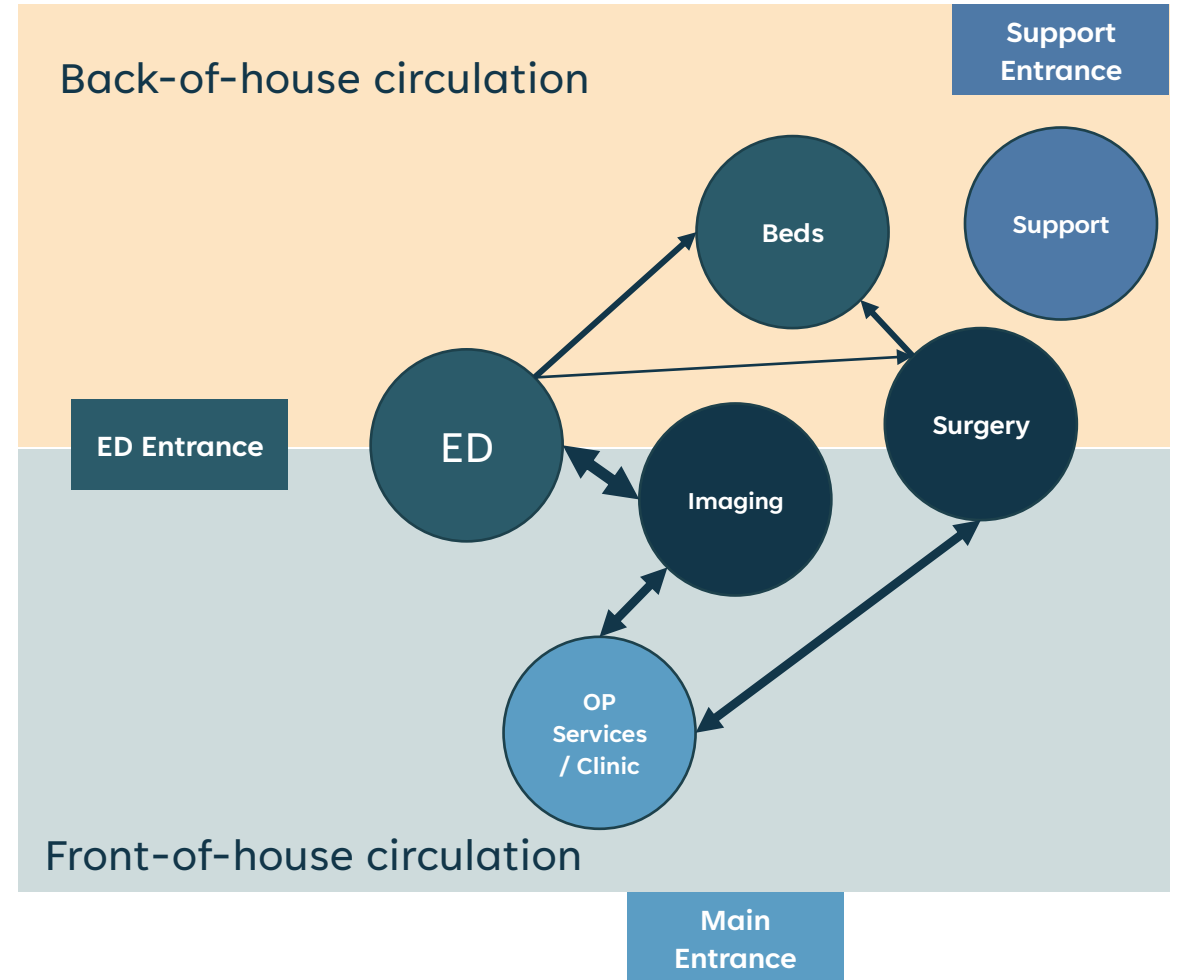
BE CAREFUL JUST SCRATCHING TODAY'S ITCH

- Have a long-term plan
 - Market analyses –
 - What is needed today vs tomorrow?
 - What is growing vs shrinking?
 - What are my facility assets today?
 - What are my needs?
 - What will today's project do to my future flexibility?
 - How can the cost report help?
 - Where must I **NOT** put a building?



ADJACENCY CONSIDERATIONS

- Entrances
 - ED
 - Main
 - Support
- ED is the epicenter – most everything must touch it!
- Minimize duplication – we can't afford it!
- Minimize cross traffic – difficult to eliminate entirely!





Where is the greatest facility need in your hospital today?

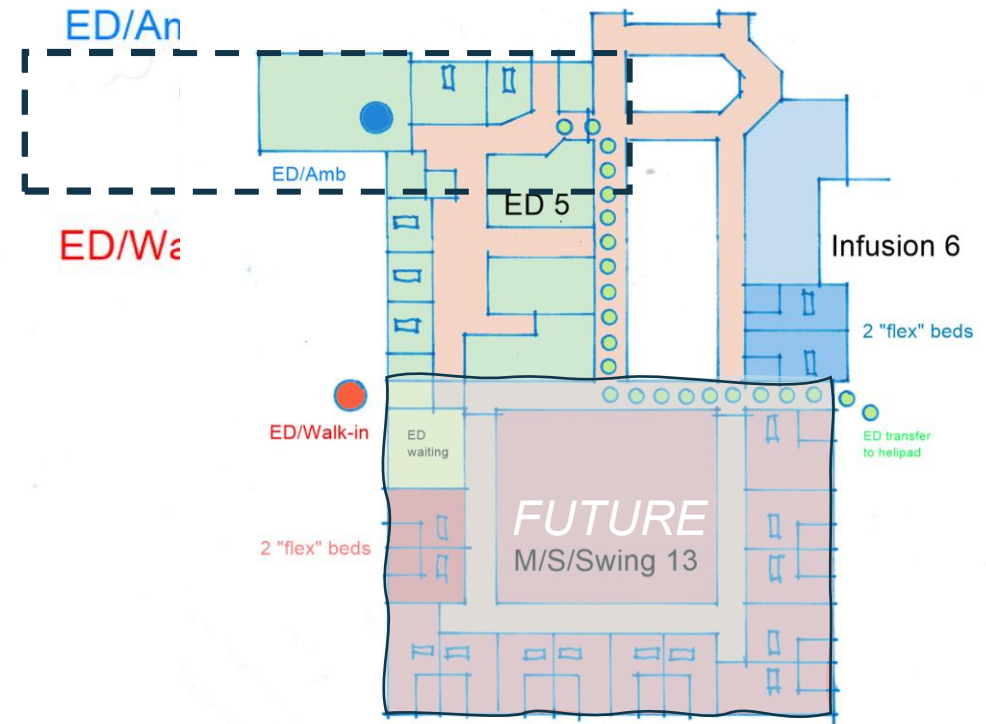
- Clinic/exam room spaces
- Emergency department
- Procedural areas (e.g., surgery, endoscopy, pain, etc.)
- Acute care/inpatient units
- Nursing home
- Infrastructure

Poll Question #3



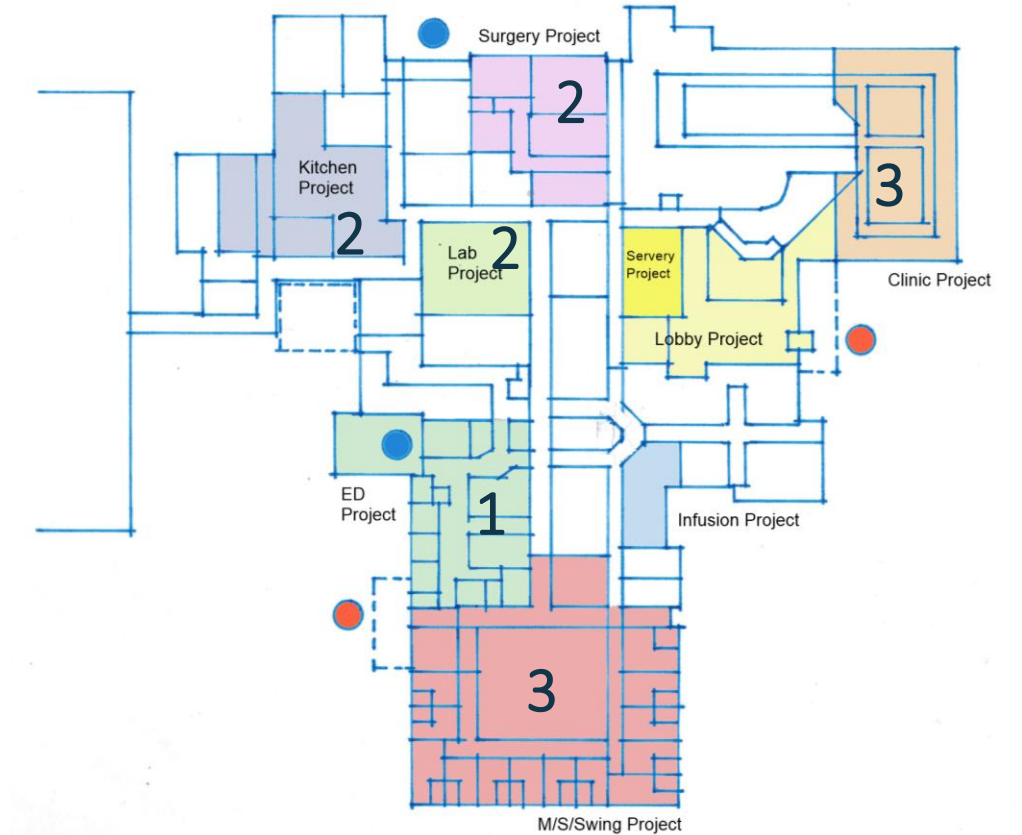
EVALUATE OPTIONS...A RECENT EXAMPLE

- The emergency department was a major issue
 - Improve space and flow
 - Increase the number of treatment rooms
- Utilize existing funding (use it or lose it)!
- Fast-track design process, but understand other long-term needs
 - ED project moved forward into design/pricing
 - Understand corridor connections for future beds (> 10 years)
 - Long-term address inpatient / ED traffic crossing public corridors.



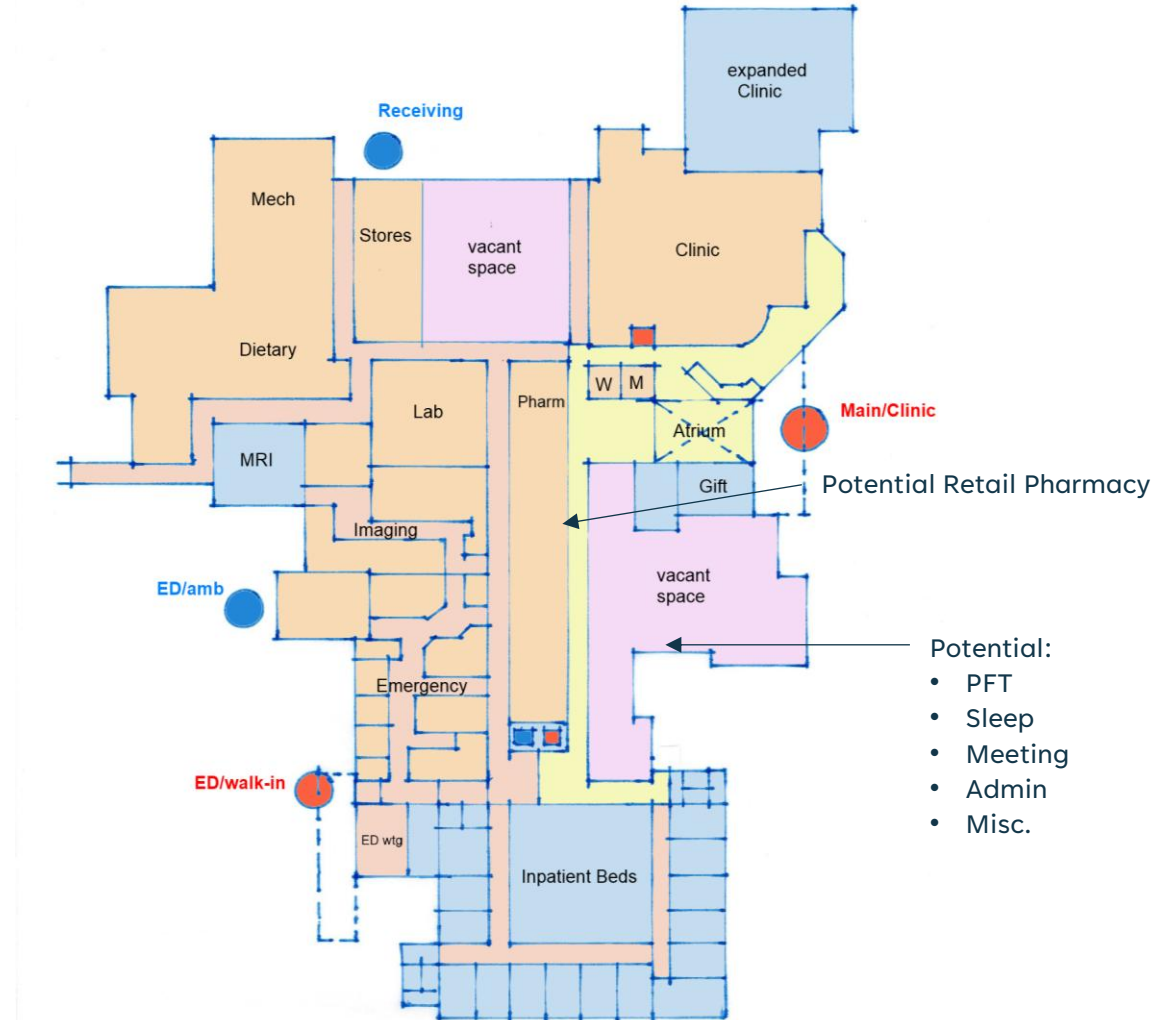
DEVELOP PHASED INVESTMENTS...A RECENT EXAMPLE

1. ED project with CARES funding
2. Short-term modifications to flex space
 - > Kitchen
 - > Lab
 - > Surgery
3. Long-term building additions when needed
 - > Clinic
 - > Inpatient
 - > Other



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MASTER PLANNING IS THE TIME FOR CONSERVATIVE BUDGETING

- Don't underestimate
 - Construction cost per department s/f
 - Building gross conversion factor
 - Soft costs
 - Furniture, fixtures, equipment
 - A/E fees
 - Administrative costs
 - Contingencies are critical
 - Financing costs





BUILD REALISTIC FINANCING SCENARIOS

- Cost report impact
- Financial reserves
- Fundraising with a vision
- Debt capacity
- Capital availability





BRINGING IT ALL TOGETHER

- Begin from a strategic perspective
- Develop a long-range facility plan
- Ensure a sustainable financial future





COMMITTED TO INCREASING THE IMPACT OF RURAL AND COMMUNITY HEALTHCARE.

Our team of rural and community healthcare experts support the leadership of hospitals, health systems with a rural footprint, and the groups and clinics that form an essential care network across the 97% of the US that is defined as rural.



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