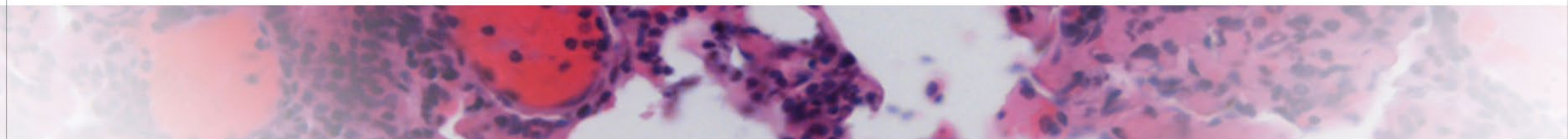




American Society of Hematology

Helping hematologists conquer blood diseases worldwide



Developing a Business Plan

Patti Engblom, MHA, FACHE

Administrator

The Johns Hopkins Hospital

May 2022

Which of the following components of a business plan presents reasoning behind, results of, and funding implications for a new or expanded SCD program?

External assessment **A**

Internal assessment **B**

Financial projections and analysis **C**

SWOT Analysis **D**

Positioning and strategy development **E**

Session Objectives

- Provide a framework for creation of a business plan
- Focused review of
 - External Assessment
 - Internal Assessment
 - Financial Analyses
 - Implementation Plan
- Discuss Resources



Why Use a Business Plan?

To document the rationale for a new program and justify the commitment of resources to support it.

To provide an external assessment, internal assessment and financial projections for the program.

To detail the operating plan to be implemented as well as ongoing evaluation metrics.

To demonstrate supports for clinical and organizational strategic goals



Components

- Section 1: **Executive Summary**
- Section 2: **Background & Methodology**
- Section 3: **External Assessment**
- Section 4: **Internal Assessment**
- Section 5: **Financial Projections**
- Section 6: **Strengths/Weaknesses/ Opportunities/Threats (SWOT) Analysis**
- Section 7: **Goals & Objectives**
- Section 8: **Positioning & Strategy Development**
- Section 9: **Implementation Plan**
- Section 10: **Evaluation Plan**
- Section 11: **Conclusions**
- Section 12: **Appendices**



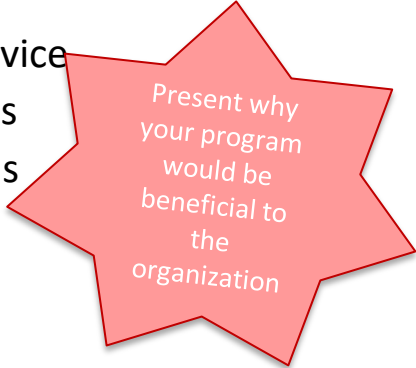
Components



External Assessment

Market Overview

- **To evaluate the existing market for care delivery trends relevant to the new opportunity and project future demand for services**
- The assessment should consider:
 - current and projected demographic trends
 - current size of the inpatient and outpatient market in need of the service
 - patient origin/geographic areas of opportunity/potential service areas
 - supply and demand of resources available to meet the patients' needs
 - market segments or targets within segments
 - barriers to entry



Present why
your program
would be
beneficial to
the
organization

External Assessment

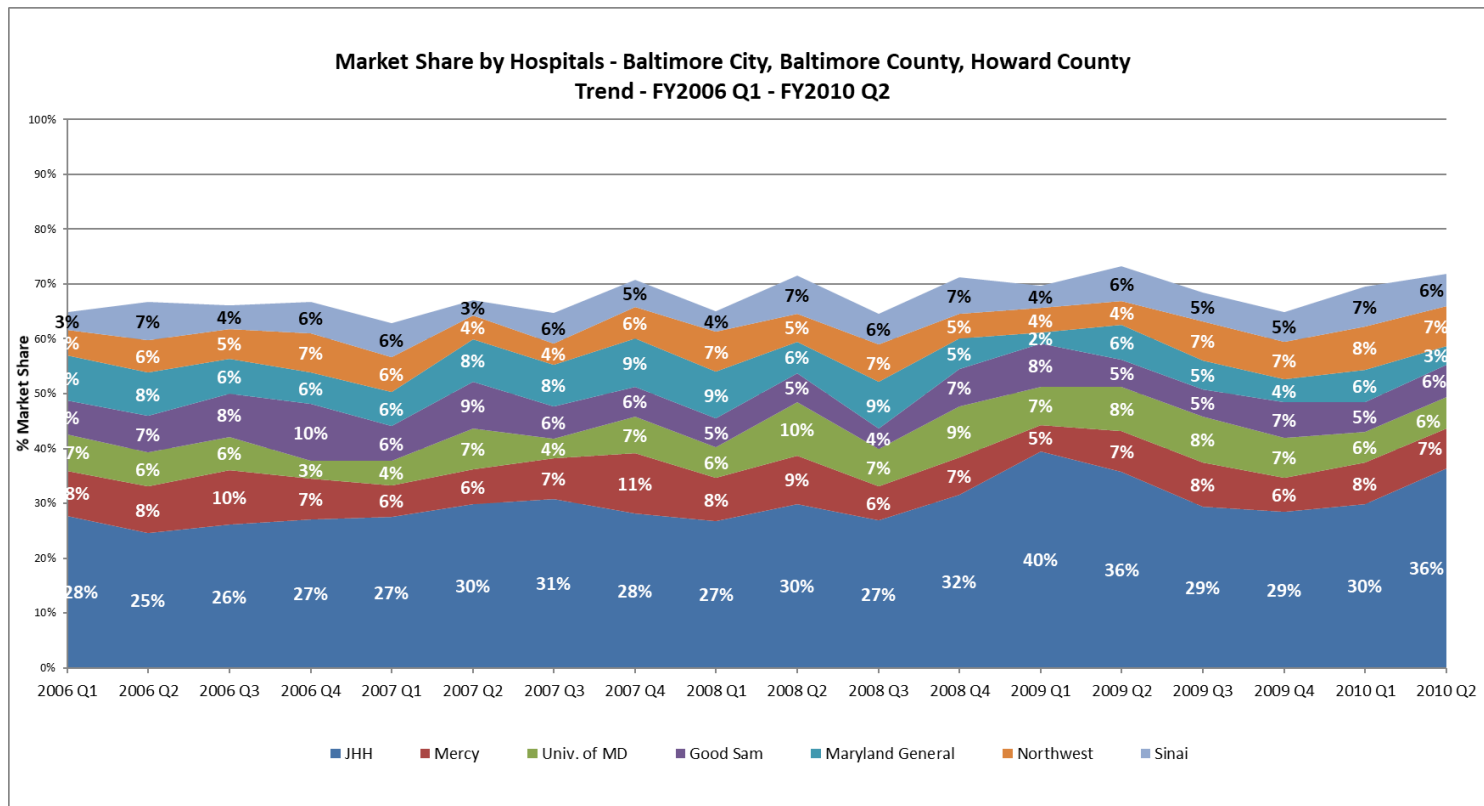
- **Competitor Analysis:**
 - To understand what other providers are doing, or can do, and determine their relative strengths and weaknesses
 - This analysis may identify program development opportunities to differentiate your center
 - **Consider:**
 - geographic location and service mix of competitor
 - the competitor's capabilities, including physician and hospital resources
 - health care financing/accountable care/population health initiatives
- **Technological developments** (e.g., new medications, changes in treatment, composition of staff skills required for the new service, impact of telemedicine)
- **Regulatory requirements** that would impact the service



External Assessment

- **Primary Market Research:**
 - The purpose of this step is to further assess the external environment through **surveys, focus groups, mystery shopping or interviews**.
 - The rationale for primary research is to explore:
 - gap analyses or needs assessments
 - opinions regarding the proposed service (e.g., level of interest, demand for service, perceived need, etc.)
 - feedback from key providers who currently offer services similar to those being proposed in the business plan

Example | Market Graph



Based on HSCRC inpatient case volume, using sickle cell diagnosis codes



Internal Assessment

Referral Sources Evaluation:

- Current referral sources
- Potential referral sources

Patient and Customer Evaluation:

- Demographics (historical trend of patient population by sex and age group)
- Who does the program serve? (zip code analysis; immediate market area; secondary cities or regions)
- What is the program's current market share/size?
- Why do patients want to come to your organization?
- Perceptions of the current program (e.g., patient experience data)

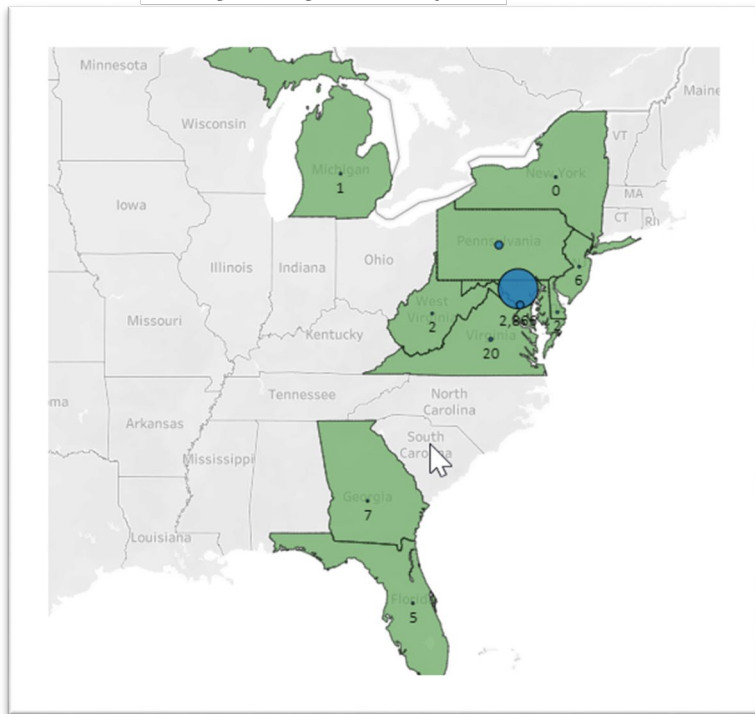
- ✓ *Demographic data is available in registration systems for clinic visits, ED visits, and hospital admissions.*
- ✓ *Strategic Planning / Market Research departments have data on market areas and comparative market data sources*



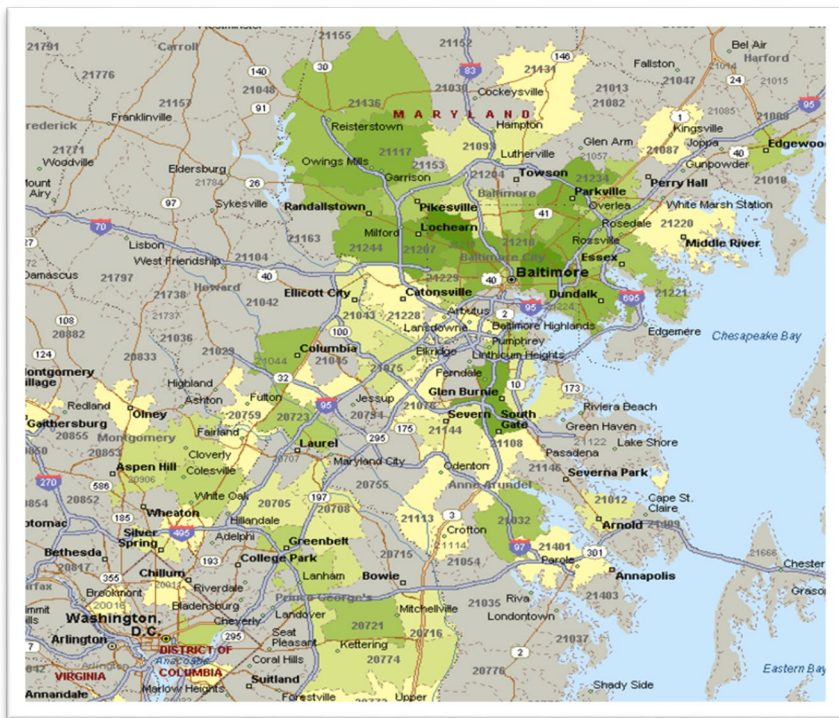
Examples | Market Share

Completed visits by patient state

➤ 92% of visits from Maryland



Regional focus based on completed visits by zip code

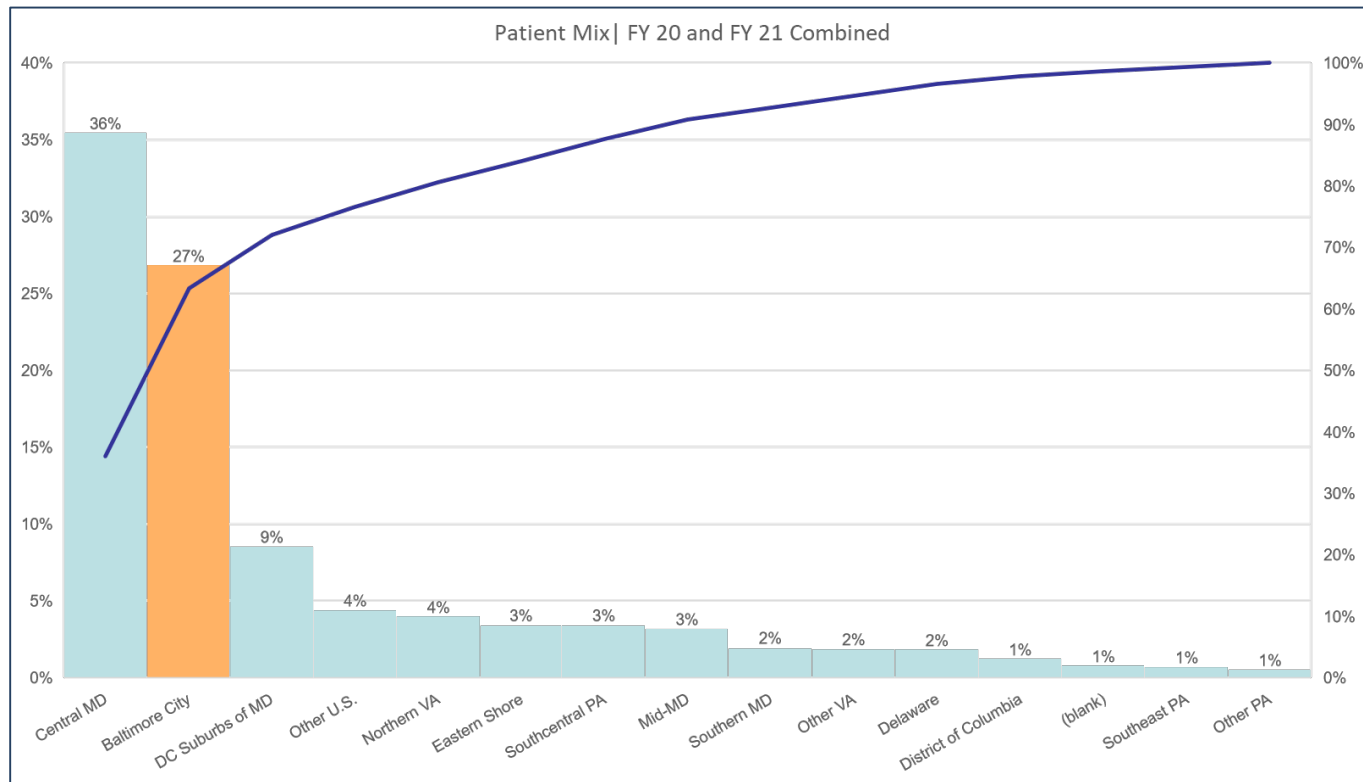


Data Source: Epic Patient Registration



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Example | Patient Origin by Market Groups



Patient Perceptions

Data Sources:

- Patient Experience Survey Data
- Patient Comments
- Patient Relations Reports

Example | Clinician & Group Survey, Consumer Assessment of Health Care Providers & Systems (CG-CAHPS) Data

CG-CAHPS Executive Summary							
	Staff Quality ¹ 50th Percentile 90.0% 90th Percentile 98.2%	Overall Provider Rating 9-10 50th Percentile 89.8% 90th Percentile 95.5%	Recommend this provider office 50th Percentile 90.0% 90th Percentile 97.6%	Physician Comm Quality ¹ 50th Percentile 90.0% 90th Percentile 97.4%	Overall Visit Rating* 50th Percentile 87.8% 90th Percentile 89.8%	Visit Timeliness* 50th Percentile 76.8% 90th Percentile 80.0%	Appointment Timeliness* 50th Percentile 79.4% 90th Percentile 85.9%
Rank							
1	96.55%	94.61%	96.59%	96.46%	93.43%	84.08%	77.06%

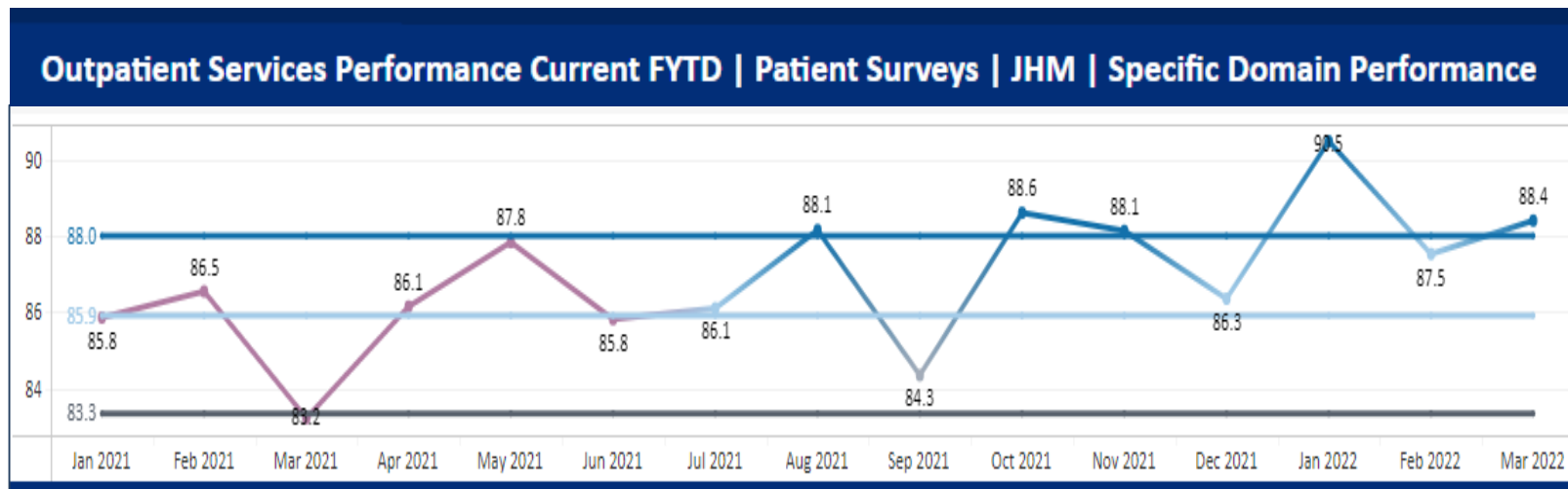
Drill down data & trends available for each survey question



Example | Patient Experience Data

Press Ganey Outpatient Services Survey Care Domain Questions

- ✓ Explanation about test/treatment
- ✓ Response to concerns/complaints
- ✓ Staff concern for comfort
- ✓ Staff provided opportunity to ask questions
- ✓ Staff treated with respect and dignity
- ✓ Trust in skill of staff



Internal Assessment

Operational Evaluation

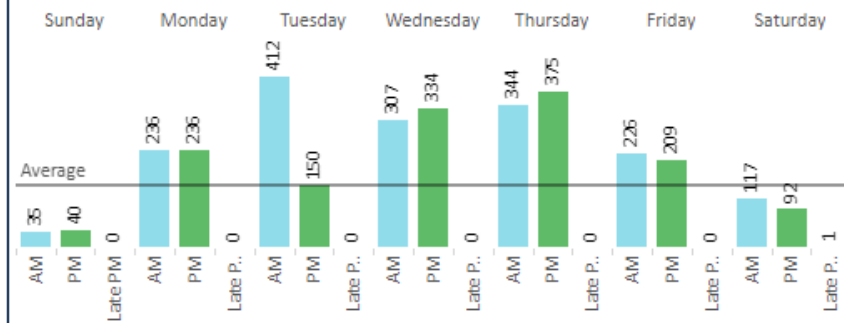
- Defines your practice's ability to support substantial programmatic development
- **Determines what resources are required for the proposed services**
- Consider:
 - current services available and where they are provided
 - facility evaluation – space and equipment requirements
 - customer service assessment (access, scheduling, amenities)
 - inpatient and outpatient utilization
 - will a new center impact other departments or entities (ancillary/support areas)
 - Is staged growth feasible



Examples | Operations Data

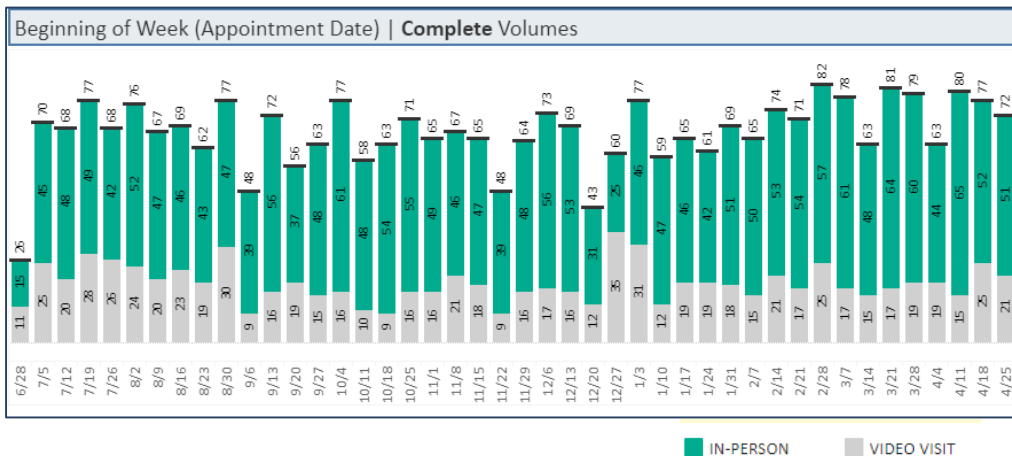
Appointments Trends by Session

Completed Appointments by Day							
	Sunday	Monday	Tuesday	Wednes..	Thursday	Friday	Saturday
AM	35	236	412	307	344	226	117
PM	40	236	150	334	375	209	92
Late PM	0	0	0	0	0	0	1
Grand Total	75	472	562	641	719	435	210



What are the current ambulatory services?

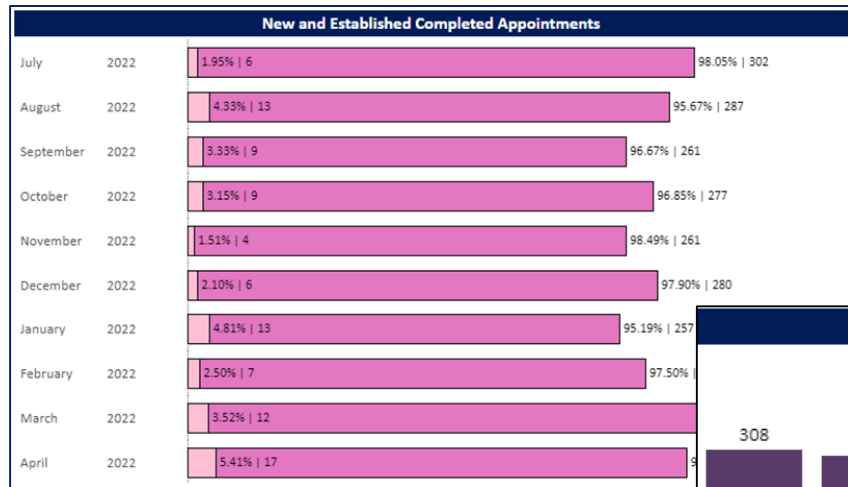
- Consider visit volumes by day of week and visit type



Consider the impact of telemedicine on staffing need



Examples | Operations Data

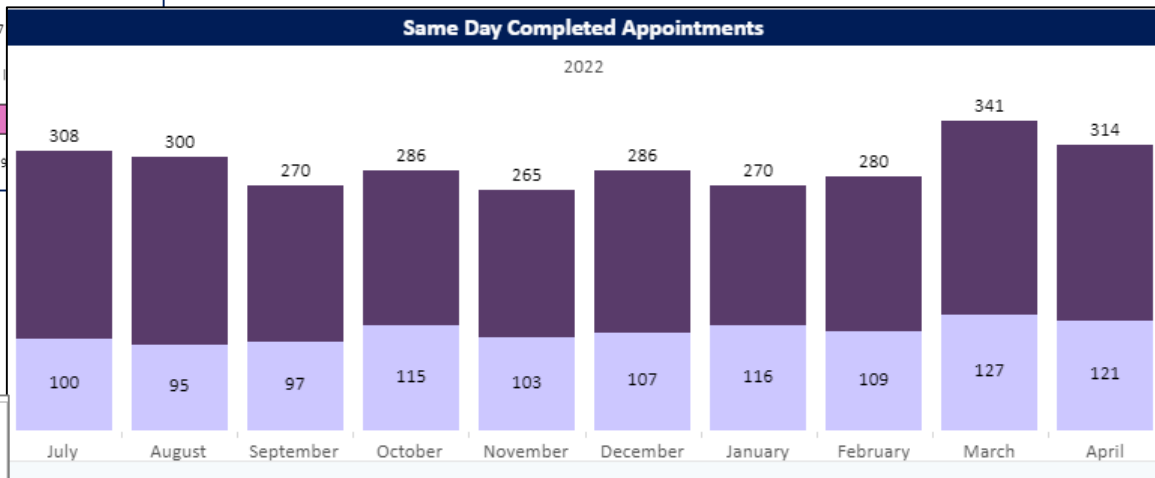


New / Established Patient Appt Count
 ■ New Patient Appt Completed Count
 ■ Established Patient Appt Completed Count

Same Day Appointments
 ■ Same Day Completed Appt Count
 ■ Completed Appt Count

Access to Care considerations

- Outpatient Clinic visits (new vs return)
- Median Lag Days
- Outpatient Clinic Same Day Access
- ED Visit trends by day & time



Examples | Operations Data

Primary Coverage Payor Mix

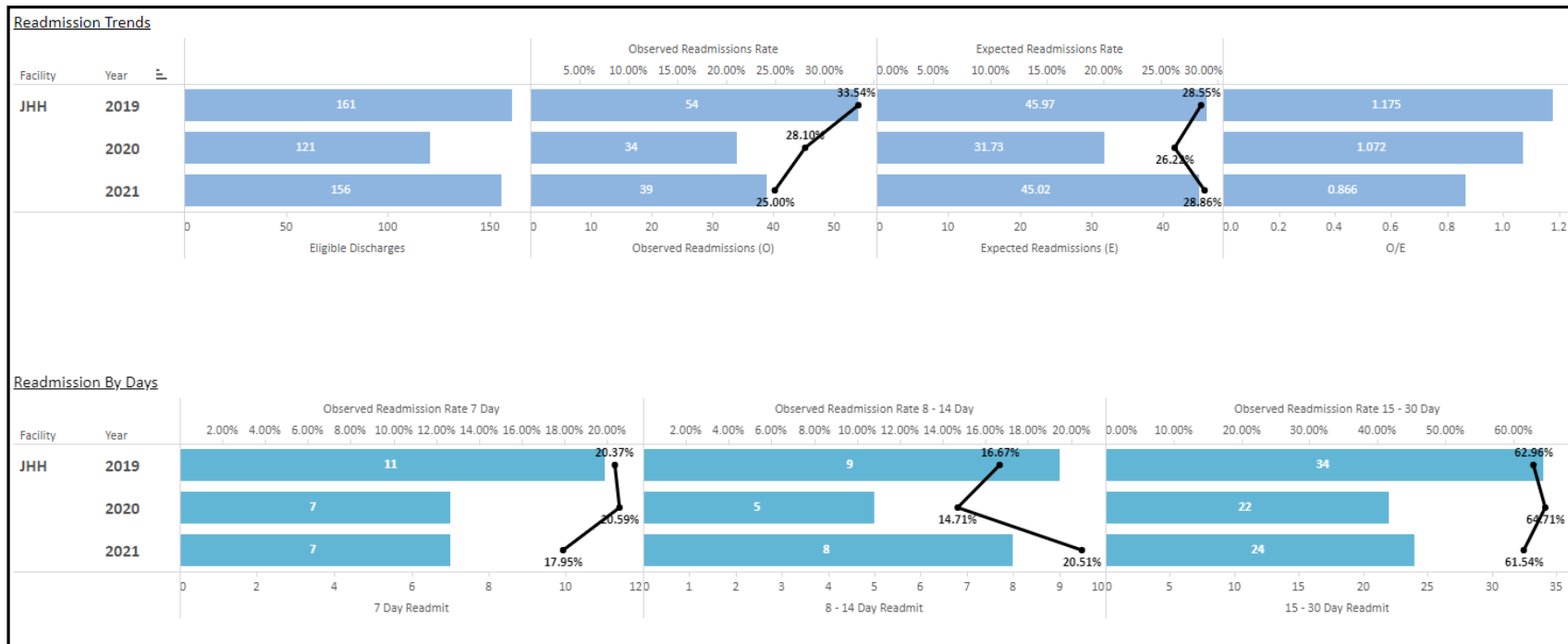
COMPLETED APPOINTMENTS PYTD & FYTD				
PayorFinancialClass		2021		2022
Medicare		26.8% 359		23.4% 206
Blue Cross/Blue Shield		23.1% 309		24.1% 212
Priority Partners		14.9% 199		20.1% 177
MCO		12.7% 170		10.8% 95
United Healthcare		6.4% 86		5.7% 50
Cigna		4.8% 64		3.9% 34
Aetna		3.4% 45		4.4% 39
EHP		3.0% 40		3.1% 27
Commercial		1.5% 20		1.1% 10
Medicaid		1.2% 16		0.7% 6
Self-Pay		0.8% 11		0.9% 8
Medicare Advantage		1.0% 14		0.5% 4
Special/Other		0.1% 1		0.7% 6
Tricare/Other Govt Programs		0.1% 2		0.3% 3
International		0.2% 3		0.2% 2
Managed Care		0.1% 1		0.2% 2
Grand Total		100.0% 1,340		100.0% 881

Collections rates vary by site of service and payors



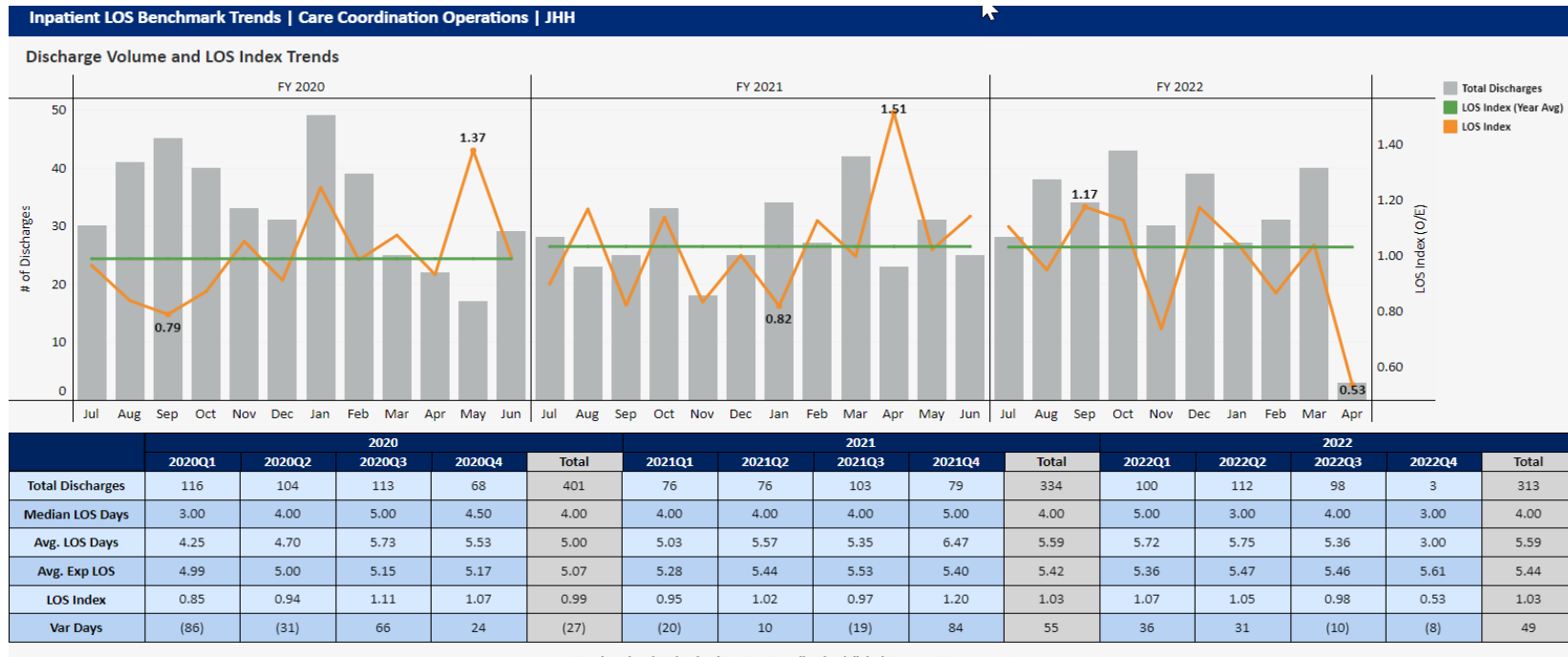
Example | Operations Data

Readmission trends by year per selected APR-DRG and/or diagnosis codes



Example | Operations Data

LOS TRENDS per selected APR-DRG



Internal Assessment

Human Resource Assessment:

- **Create a profile the current providers and staff** and their capacity to support the proposed program/service
- Consider:
 - Number of Faculty & Advanced Practice Providers needed to support program
 - Type & number of staff required to support program
 - Provider/Staff characteristics – level of experience, active years remaining
 - Need to expand training for existing staff and/or hire incremental staff
 - Vulnerabilities – contractual obligations, research or teaching commitments
 - Existing provider base and need in the local market based on data (e.g., AMA's physician database or various sub-specialty organizations)



Financial Projections & Analysis



This section presents the reasoning behind, and results of, the financial implications of the new or expanded program.



Any financial schedules that support the proposed service should be referenced and explained.



Three components in this section:

- A. Scope
- B. Methodology
- C. Findings

Financial Projections & Analysis

A. Scope:

- Describes the extent of the financial analysis and business plan
- Project the funding needs and financial returns for the three to five years
- Include the corporate/organizational scope
 - (e.g., does the analysis examine the impact of the program on other areas of the organization or is it limited to your business unit/ambulatory site?)
- If analyzed, other effects of the new service should be included
 - Impact on admissions to your hospital (marginal income lost, backfill opportunity)
 - Impact on length of stay
 - ED visits and/or transition of ED care
 - Accountable care plan, population health program, or value-based contracts



Financial Projections & Analysis

B. Finance Methodology:

- Summary of the methods and sources of data used in the financial analysis
- Underlying assumptions to the financial projections should be listed
 - ⑩ current revenues, salaries & expenses extrapolated to fit the assumptions
- The nature of the business plan indicate the preferred method for evaluating the opportunity.
 - ⑩ If the plan is meant to generate additional revenue for an existing operation, the contribution margin might be the primary indicator.
 - ⑩ A plan that requires a new facility or renovation may requires full-absorption costing

Financial projections are only as reliable as the source of data on which they are based



Financial Projections & Analysis

C. Findings:

- Details the reasoning and the results of the financial analysis
- The narrative should follow the order of the financial schedules supporting this project, referencing each exhibit in order.
- Note underlying facts or assumptions that are not obvious from reading the exhibit
 - At times, projections may have to be based on less than certain assumptions.
 - e.g., a new clinical procedure may not yet be included in the payer fee schedules so reimbursement assumptions will need to be made and footnoted

Financial Analysis Format

- **A standard format** of both layout and content for financial schedules will ensure consistency from one business plan to the next.
- Each financial schedule should begin with a heading that includes:
 - Line 1: Title of the project (e.g., “Service Line Expansion”)
 - Line 2: Description of the contents (e.g., “Capital Expenditures”)
 - Line 3: Exhibit identification (e.g., “Exhibit V”)



Sample Content

Cover Page

Corporate Name
LOGO

DRAFT version

Your Organization Name
Project Name

Date

Prepared by: xxxx

Table of Contents

Project Name	
Table of Contents	
Title	Page
Methodology	1
Assumptions	2
Volume Projections	3
Revenue	4
FTE Schedule	5
Supplies and Purchased Services Expenses	6
Rent and Tenant Improvement	7
Capital and Startup Costs	8
Profit and Loss Statement	9



Example | Methodology & Assumptions

Project Name
Methodology
<u>Assumptions</u>
Describe the goals & objectives for the expanded program or new service
Note the scope of the financial analysis and business plan
<u>Volume</u>
Reference current year volumes for the practice
Input annual projections for each type of service
<u>Revenue</u>
Based on projected volumes & assumptions
Site of service (i.e., hospital or physician office space)
Charges, Payor Mix, Collection rate
Alternate sources of funding (e.g., grants, payor contract arrangements)

Separate pages of the business plan for Methodology & Assumptions

- Example of the respective revenue sections

Project Name				
Assumptions				
Revenue:	Current Yr	FY 2022	FY 2023	FY 2024
Annual Revenue Inflation (per unit)	0.0%			
Average Charge per Visit (hospital services)	\$0.00	\$ -	\$ -	\$ -
Average Charge per Visit (profee services)	\$0.00	\$ -	\$ -	\$ -
Collection Rate	0%	0%	0%	0%
Average Revenue per Visit (hospital services)	\$ -	\$ -	\$ -	\$ -
Average Revenue per Visit (profee services)	\$ -	\$ -	\$ -	\$ -
Alternate funding per year	\$ -	\$ -	\$ -	\$ -



Example | Expenses

*Separate pages of the business plan for
Methodology & Assumptions
- Example of respective expense sections*

Project Name
Methodology
FTEs
Positions by job category or role
Staffing ratios for services to be provided aligned to projected volumes
Base salary for the positions, annual merit increases
Expenses
Labor (based on provider and staff FTE projections)
List as applicable:
Recruitment Costs, Equipment/Supplies/Drugs, IT-specific costs,
Purchased services, administrative/overhead, compliance, insurance
Rent
Include tenant improvements (e.g., allowance per SF)

Project Name Assumptions				
Expense:	Current Yr	FY 2022	FY 2023	FY 2024
Salary Inflation	0.00%			
Benefits Rate	0.0%	0.0%	0.0%	0.0%
Physician Supplement	0.00%	0.00%	0.00%	0.00%
Average Drugs per Visit (if applicable)	\$0.00	\$ -	\$ -	\$ -
Drug Inflation	0.00%			
Average Supplies per Visit (if applicable)	\$0.00	\$ -	\$ -	\$ -
Supply Inflation	0.00%			
Average Purchased Services Per Visit (if app)	\$0.00	\$ -	\$ -	\$ -
Purchased Services Inflation	0.00%			
Rentable SF	-			
Rent per SF (Rent and Utilities)	\$0.00	\$0.00	\$ -	\$ -
Rent escalation	0.00%			
Billing Rate	0.00%			
Malpractice per physician	\$0.00	\$ -	\$ -	\$ -
Malpractice Inflation	0.00%			
Number of Sessions	-	-	-	-
Fee per Clinic Session	\$0.00	\$ -	\$ -	\$ -
Clinic Session Fee Inflation	0.00%			
Start up Support	\$0.00	\$ -	\$ -	\$ -
Marketing	\$0.00	\$ -	\$ -	\$ -
Faculty & Staff Development/Training	\$0.00	\$ -	\$ -	\$ -
Variable Administrative Expense	\$0.00	\$ -	\$ -	\$ -
Average "Other Expense" per Visit (if app)	\$0.00	\$ -	\$ -	\$ -
Other Expense Inflation	0.00%			
Departmental Tax	0%	0%	0%	0%
Institutional Tax Rate	0%	0%	0%	0%
Volume Inflation	-			



Example | Volume Projections

Volume projection options

- By procedure/service type
- By provider
- Typically show 5 year projections

NAME OF PROJECT						
VOLUME AND REVENUE PROJECTIONS						
EXHIBIT II						
		Year 1	Year 2	Year 3	Year 4	Year 5
Procedures	Examinations	Insert Volumes				
	Charge	Insert Charges				
	Total Charges	-	-	-	-	-
	Treatment A	Insert Volumes				
	Charge	Insert Charges				
	Total Charges	-	-	-	-	-
	Treatment B	Insert Volumes				
	Charge	Insert Charges				
	Total Charges	-	-	-	-	-
	Grand Total Charges	\$ -	\$ -	\$ -	\$ -	\$ -

Reflects three procedures with volumes and charges for each, then totaled

Project Name						
Volume Projections						
Volume Projections by Provider						
	Current Yr	FY 2022	FY 2023	FY 2024	Total	Average
Provider 1						
Visits	-	-	-	-	-	-
Procedures	-	-	-	-	-	-
Provider 2						
Visits	-	-	-	-	-	-
Procedures	-	-	-	-	-	-
Provider 3						
Visits	-	-	-	-	-	-
Procedures	-	-	-	-	-	-
Provider 4						
Visits	-	-	-	-	-	-
Procedures	-	-	-	-	-	-



Example | Revenue Projection

*Depending on the model,
consider professional fees
as well as fees for
treatments or ancillary
services*

*Volumes, site of service,
and collection rates, based
on payor mix, would have
been defined in the
assumptions section*

Project Name							
Revenue							
Revenue Projections							
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Total	Average
Provider 1							
Visits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Procedures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Collections	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Provider 2							
Visits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Procedures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Collections	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Billable Services							
Treatment/Service Type	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment/Service Type	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment/Service Type	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment/Service Type	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Collections	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All Providers & Services							
Visits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment/Service	-	-	-	-	-	-	-
Total Collections	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Example | FTE Projections

Schedule can list each individual FTE or use grouping, and then tie the FTE counts to salary & benefits

Project Name FTE Schedule							
FTE's	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Total	Average
Provider							
Provider 1	-	-	-	-	-	-	-
Provider 2	-	-	-	-	-	-	-
Provider 3	-	-	-	-	-	-	-
Total Provider	-	-	-	-	-	-	-
Other Billing Provider							
APP1	-	-	-	-	-	-	-
APP2	-	-	-	-	-	-	-
APP3	-	-	-	-	-	-	-
Total Other Billing Provider	-	-	-	-	-	-	-
Clinical Support							
RN Staff	-	-	-	-	-	-	-
Clinical Technicians	-	-	-	-	-	-	-
Medical Assistants	-	-	-	-	-	-	-
Social Work	-	-	-	-	-	-	-
Total Clinical Support	-	-	-	-	-	-	-
Administrative							
Front Desk Registration Staff	-	-	-	-	-	-	-
Medical Office Assistants	-	-	-	-	-	-	-
Peer Advocates/Navigators	-	-	-	-	-	-	-
Nurse Manager	-	-	-	-	-	-	-
Operations Manager	-	-	-	-	-	-	-
Total Administrative Staff	-	-	-	-	-	-	-
Total FTE's	-	-	-	-	-	-	-
Staff to provider Ratio	-	-	-	-	-	-	-

Salaries	Base						Total	Average
	Salary	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026		
Provider								
Provider 1	-	-	-	-	-	-	-	-
Provider 2	-	-	-	-	-	-	-	-
Provider 3	-	-	-	-	-	-	-	-
Total Provider Salary		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Billing Provider								
APP1	-	-	-	-	-	-	-	-
APP2	-	-	-	-	-	-	-	-
APP3	-	-	-	-	-	-	-	-
Total Other Billing Provider Salary		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Clinical Support								
RN Staff	-	-	-	-	-	-	-	-
Clinical Technicians	-	-	-	-	-	-	-	-
Medical Assistants	-	-	-	-	-	-	-	-
Social Work	-	-	-	-	-	-	-	-
Total Clinical Support Salary		-	-	-	-	-	-	\$ -
Administrative								
Front Desk Registration Staff	-	-	-	-	-	-	-	-
Medical Office Assistants	-	-	-	-	-	-	-	-
Nurse Manager	-	-	-	-	-	-	-	-
Operations Manager	-	-	-	-	-	-	-	-
Total Administrative Salary		-	-	-	-	-	-	-
Total Clinic Salaries		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Administrative Salaries		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Clinic Benefits		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Administrative		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Salaries and Benefits		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



Example | Staffing Projection

Exhibit: Staffing Assumptions

Shows the number of FTE's (by job type) which will be required for the new service.

This example reflects staffing positions considered for a weekend expansion of services.

NAME OF PROJECT							
STAFFING ASSUMPTIONS							
EXHIBIT III							
Entity	Position	Type	Salary/Rate	Hours/Year*	Salary Cost	Benefit %	Salary & Benefits
SOM	Advanced Practice Provider	Variable	-				
SOM	Vacation Coverage (2)	Variable	-				
						TOTAL JAA	\$ -
HOSP	Nurses	Variable					
HOSP	Clinical Associate	Variable					
HOSP	Front Desk Registrar	Fixed					
HOSP	Nurse PTO (3)	Variable					
HOSP	Front Desk PTO (3)	Fixed					
						TOTAL STAFF	\$ -
TOTAL REQUEST							\$ -
* Hours per year = 20 hours per weekend times 52 weekends							
(1) APP to work four 10 hour days; weekends as well as Friday and Monday. The additional weekdays will provide incremental coverage for the SCIC.							
(2) APP vacation/sick coverage based on 12% unproductive time for weekends only. The coverage assumes moonlighter PA at \$x per hour.							
(3) Nurse and Front Desk paid time off (PTO) will be covered by agency.							



Example | Operating Expenses

This exhibit provides a summary of the anticipated operating expenses, separate from the FTE Labor analysis

Other considerations:

- Rent schedule
- Session fees; Scheduling; Financial clearance
- Billing fees
- After hours triage
- Marketing
- Training/development
- Dues/CME
- Malpractice
- Department/Org allocation

Project Name							
Operating Expenses							
Equipment	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Total	Average
List the equipment to be purchased	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Include maintenance agreements (as applicable)							
Total Equipment Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Drugs	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Total	Average
Estimate drug expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(Consider cost per unit * number of units)							
Total Drug Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Total	Average
Supplies per unit * number of units	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Misc. additional supply expense (itemize)							
Total Supply Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased Services	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Total	Average
Purchased services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
List the types and estimated costs (e.g., IT support, printing, EVS)							
Total Purchased Services Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Expenses	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Total	Average
Any other expense not referenced	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Misc. additional other expense (itemize expenses per unit if applicable)							
Total Other Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total of Operating Expenses (w/o Labor)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Example | Rent Schedule

Project Name						
Rent and Tenant Improvement						
TI	Space (SF)	Total TI Cost Estimate per SF	Allowance per SF	TI per SF above Allowance	TOTAL TI EXPENSE	
NEW SPACE	-	\$ -	\$ -	\$ -	\$ -	
New Rent	Space (SF)	FY 2022 Rent	FY 2023 Rent	FY 2024 Rent	FY 2025 Rent	FY 2026 Rent
NEW SPACE	-	-	-	-	-	-
Total Rent		\$ -	\$ -	\$ -	\$ -	\$ -
TI Depreciation	Space (SF)	FY 2022 Rent	FY 2023 Rent	FY 2024 Rent	FY 2025 Rent	FY 2026 Rent
NEW SPACE	-	-	-	-	-	-
Total TI Expense		-	-	-	-	-
Total TI Depreciation		\$ -	\$ -	\$ -	\$ -	\$ -
Notes:						
TI estimate	\$ -					
TI depreciation years	7					

Major space or facilities renovations would require a capital plan to detail costs of construction, new equipment acquisition, and project timeline

Example | Summary P&L Statement

- *Profit and Loss Statement*
- *Shows Revenue (collections); Expenses (roll-up); and Net Margin for each year of the business plan.*
- *Year 1 may have additional start-up costs*

NAME OF PROJECT						
OPERATING STATEMENT						
EXHIBIT IV						
		Year 1	Year 2	Year 3	Year 4	Year 5
Total Charges		\$ -	\$ -	\$ -	\$ -	\$ -
Deductions @	0%	-	-	-	-	-
Net Revenue						
Expenses:						
Salaries		-	-	-	-	-
Benefits @	0%	-	-	-	-	-
Supplies		-	-	-	-	-
Purchased Services		-	-	-	-	-
Depreciation		-	-	-	-	-
Total Expenses		-	-	-	-	-
Net Margin:		\$ -	\$ -	\$ -	\$ -	\$ -
5 year Average		-				

Additional Financial Exhibits

- *Request assistance from your finance department to develop the applicable financial exhibits for your proposal.*
- *Be the SME on the clinical data and program design.*

- **Capital Expenditures**
 - New buildings, renovation to existing space, major equipment purchases
 - Capital items need a useful life estimation to derive the depreciation expense
- **Projected Balance Sheet** – derived from the operating statement and capital purchase assumptions
- **Annual cash flow**, as derived from the operating statement & balance sheet
- **Return on Investment (ROI)** – payback statistics
- **Sensitivity Analysis** – to show if the project can absorb unfavorable circumstances



Implementation Section

- Outline how the proposal would progress to reality
 - Engage appropriate stakeholders to drive the business plan forward to operations. **Business plans often fail in the implementation phase.**
- Narrative to Include:
 - *Program location* - required square footage, rent/build-out, facility renovation
 - *Staffing plan* – job roles, skill mix, recruitment, training, competencies
 - *Workflows* – patient access, registration, clinical care management, EMR enhancements, ancillary services impacted, support services, regulatory requirements, billing methodology, payer authorization, patient experience
 - Communications – patient brochure, announcements, letters of introduction
- Identify an **implementation oversight team**
- Draft a **timeline and milestones** for start-up



Where to Start | Resources

Talk to your
practice
administrator

- Gather baseline knowledge of the current revenues and expenses associated with your program/clinic.
- Share the vision to brainstorm financial considerations

Data
Resources

- Data Analytics or Decision Support Teams (may vary for different data sources - clinical, financial, productivity)
- Utilization Management (admissions, LOS, re-admissions)
- Emergency Dept (patients seen & discharged vs ED admission rates)

People/Roles
to seek

- Finance/Budget Managers; Billing/Revenue Cycle Managers; Financial Analysis Dept.
- Business Intelligence/Decision Support Analysts or Managers
- These roles may be embedded within different departments (e.g., Utilization Management, Quality Improvement, Billing, Access, Patient Experience, Strategic Planning, Market Research)



Key Takeaways

- Business plans vary depending on the scope program development or expansion.
- Your clinical, patient care, and health care delivery knowledge is critical.
- Reach out to subject matter experts in your organization for the financial analyses, marketing assessment, facility design, communications planning, billing methodology, payer relations, managed care or population health plan requirements.
- Key stakeholders will help determine the extent of assessments or financial statements to include in the business plan.
- A collaborative approach with key stakeholders will contribute to the successful development of a business plan.



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POST TEST: Which of the following components of a business plan presents reasoning behind, results of, and funding implications for a new or expanded SCD program?

External assessment

Internal assessment

Financial projections and analysis

SWOT Analysis

Positioning and strategy development

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