



Business Proposal

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October 10, 2020

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EXECUTIVE SUMMARY

Summary/Purpose

Heart Work and Live Lung Physical Therapy Clinic is an outpatient physical therapy clinic for individuals with cardiac and pulmonary dysfunction in the southwest region of North Carolina with a new focus on COVID rehab. *Heart Work and Live Lung Physical Therapy Clinic* aims to make physical therapy services more accessible to the NC community in the southwest region for patients with cardiac and pulmonary dysfunction.

Mission Statement

Heart Work and Live Lung Physical Therapy Clinic is a physical therapy runned clinic committed to improving the health and well-being of residents in North Carolina with cardiopulmonary diagnoses by providing outstanding and comprehensible compassion and care to all. We endeavor to target concerns that were not initially addressed in the hospital, cardiopulmonary rehabilitation centers, and focus on other impairments that individuals with cardiac and pulmonary dysfunctions may have to better their health in the long-term.

Vision Statement

Heart Work and Live Lung Physical Therapy Clinic will be the provider of choice and the preferred partner for quality cardiopulmonary care in the southwest area of North Carolina with hopes of expanding to other areas in North Carolina.

- ❖ Provide patients with cardiac and pulmonary dysfunction with resources to connect them with respiratory therapists, exercise physiologists and physical therapists to engage, educate and guide our patients to feel knowledgeable and take initiative of their long-term health and well-being.
- ❖ Transforming patient care delivery and being the first cardiopulmonary clinic to include services for patients who have experienced COVID-19.
- ❖ Ensuring our clinicians provide high quality services with compassion.
- ❖ Expand our services to areas with limited access to cardiopulmonary specific physical therapy treatment.

Objectives

- ❖ Provide high quality patient care.
- ❖ Integrate care to help individuals with cardiopulmonary diagnoses throughout their long-term health plan to promote comprehensible evaluation and treatment.
- ❖ Enhance accessibility to tools and equipment to patients to help make measurable progress.

Description of Services

Heart Work and Live Lung Physical Therapy Clinic is an outpatient physical therapy center that will treat patients who have experienced a cardiac or pulmonary event, such as a heart attack, recovering from heart or lung transplant surgery, and with a new focus on helping



patients who have experienced COVID. We specialize in helping patients after rehabilitation or hospital stay to continue care for additional issues that may arise and promote life-long health. In addition to exercise treatment, we encourage a healthy lifestyle and management by providing the knowledge and resources to our patients to encourage independence in their care throughout their lives.

Keys to Success

- ❖ Marketing goals
 - Connect with at least 3 main hospitals in the area within the first 6 months of business operation
 - Conduct one video promotion within the first 3 months of business operation to post on social media
 - Conduct one meet and greet/Q&A via zoom with referring doctors in the area
 - We will have concrete referrals from 5 cardiac medical facilities within the first 8 months
 - Promote awareness of physical therapy services for pulmonary dysfunction to COVID patient
- ❖ Financial goals
 - We will be an independent and profitable business within 24 months of business operation
- ❖ Operational goals
 - All therapists employed will achieve a full caseload of 5-7 patients per day by the first 6 months of business operation
 - All therapists will be competent in their role in the facility within 2 months of hiring
 - All employees will be active and involved in monthly organizational planning meetings
 - Develop wellness center addition for continued life-long care by 2.5 years.
 - Formulate telehealth group physical therapy sessions within the first 3 months of opening.

Organizational Philosophy

- ❖ *Heart Work and Live Lung Physical Therapy Clinic*, above all else, values the safety and comfort to both the patients as well as therapists.
- ❖ Our therapists utilize evidence-based practice to create innovative treatment to help patients of all kinds through the lifespan.
- ❖ The underlying structure of our clinic is based on the APTA code of ethics that helps benefit patients, clients and society.

Organizational Culture/Values

- ❖ Excellence
 - Our facility emphasizes excellence in everything we do. We use current knowledge and research while understanding personal limits to promote....
- ❖ Cultural competence
 - We value diversity and inclusion and strive to advocate for all needs and goals of patients.

- ❖ Compassion
 - Our therapists are compassionate in all aspects of care, specifically concern, care and empathy for our patients
- ❖ Honorable
 - Our therapists abide by the standard of care, code of ethics, and values of the APTA to adhere to what is right for our patient
- ❖ Collaboration
 - Our therapists will not hesitate to ask for help, step in to assist when needed, and continuously work efficiently and compassionately with all employees

Organizational and Legal Structure

- ❖ Management Style
 - Dr. Stewart and Marquie will utilize a consultative style for their management style. This style will allow them as managers to consider the advice and feelings of their other employees prior to their final management decision²⁴. This style makes the employees feel included in the decision-making process and facilitates a inclusive and cooperative team environment.
- ❖ Organizational Style
 - *Heart Work and Live Lung Physical Therapy Clinic* will utilize a servant organizational leadership style. Servant leaders empower employees, interact directly with clients, and recognize their organizations' role as part of a community²⁵. This style places the leaders (Dr. Stewart and Dr. Marquie) at the front lines of day to day operation where they work as both managers, administrators, and working physical therapists.
- ❖ Legal Structure
 - *Heart Work and Live Lung Physical Therapy Clinic* is a privately-owned outpatient clinic for profit via co-owners Maureen Marquie and Sarah Stewart. *Heart Work and Live Lung Physical Therapy Clinic* is an established Limited Liability Company (L.L.C.) in the State of North Carolina and is taxed as an S-Corporation. We will file as an LLC in December 2020 in NC. An LLC was chosen for this business to avoid double taxation (on the owner(s) and company). NC is unique in allowing small businesses' like *Heart Work and Live Lung Physical Therapy Clinic* to file as an LLC making it a valid option. The Recognition as an L.L.C. allows Dr. Marquie and Dr. Stewart to act as a partnership and pay taxes for the company via their personal taxes. Dr. Marquie and Dr. Stewart have signed a personal guarantee to back up *Heart Work and Live Lung Physical Therapy Clinic*. An LLC also allows for growth to occur in the future for expansion in partners, selling shares, or expanding the business to various geographical areas.
 - To file as an LLC in North Carolina, the co-owners will file an Articles of Organization with the Secretary of State's Office to establish *Heart Work and Live Lung Physical Therapy Clinic* as a new LLC business within the state. The costs of filing, consulting with an attorney for appropriate legal regulations and decision-making, as well as annual report filings have been accounted for in the budget.

Consultant Needs

Heart Work and Live Lung Physical Therapy Clinic will enlist the help of both an accountant and an attorney throughout the lifetime of the business on an as-needed basis. The Charlotte, NC area has a multitude of options for both legal and accounting consultation needs. Co-owners will establish a new lasting relationship with a trusted lawyer and accountant that they can enlist the help of as needed at the launch of their business and in the future as problems may arise. As previously mentioned, the expertise of both an attorney and an accountant are essential for complying with legal regulations and ensuring the financial health of the business.

Heart Work and Live Lung Physical Therapy Clinic will also consult with their attorney about protection of their educational property (materials and information that are distributed during sessions). Any materials distributed or educated on are the sole educational property of Dr. Marquie and Dr. Stewart. Prior to the start of any session all participants will sign a liability waiver to protect the business from injury liability, as well as include a contractual agreement that states there will be no distribution or re-sale of any materials from the session.

SWOT ANALYSIS

SWOT Analysis

<p>S: Strengths (internal)</p>	<ul style="list-style-type: none"> ❖ We target a very specific population of young adults to elderly with a new focus on covid rehab. ❖ We are a PT outpatient clinic that patients can be directly referred to for continuing care following discharge from cardiac rehab to help with other issues that were not addressed during rehab such as joint pain, ROM deficits, etc. ❖ We are an output for patients with cardiac and pulmonary dysfunction who are not able to receive rehab, but still would benefit from physical therapy. ❖ We provide self-pay options for people who have high insurance co-pays. ❖ Patient convenience: including earlier/later hours and lunch time during the week to accommodate patients that may not be available during typical workday times ❖ Clear expectations for the PTs: The owners clearly outline expectations and responsibilities and resolve any issues that may arise ❖ We will utilize telehealth to help reach underserved populations with cardiac and rehab dysfunctions and encourage group fitness opportunities.
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W: Weaknesses (internal)	<ul style="list-style-type: none"> ❖ Our clinic is not interdisciplinary. ❖ A new clinic so less patients are aware of us. ❖ We cannot open our wellness center until further income is available to finalize our mission. ❖ Need for an extensive database to get referrals from. ❖ For our telehealth service, we must rely on patients having technology and understanding to join and use. ❖ Very specific population
❖ O: Opportunities (external)	<ul style="list-style-type: none"> ❖ Increase in population needing respiratory therapy post/during covid pandemic who may not qualify for rehab. ❖ Marketing to new patients especially that we can help post covid/preventative ❖ Location near a large hospital and in an area where the population desired is plentiful.
T: Threats (external)	<ul style="list-style-type: none"> ❖ Lots of bigger general outpatient clinics in the Triangle and Charlotte that are competition. ❖ Lack of precedent

OPERATIONS

Operational and Ownership Structure

Dr. Stewart and Dr. Marquie are the co-owners of *Heart Work Live Lung Physical Therapy Clinic*. They are equal stakeholders in the business, and they managed day-to-day operations as well as seeing patients daily. There is one additional therapist who will be hired to work with patients full-time who will be well-versed in pelvic and respiratory education. Additionally, an administrative manager will work full-time to ensure all the employees and patients adhere to policies and procedures as well as their other duties listed below. The owners will consult with an attorney and accountant as needed as well as an IT maintenance individual when problems arise.

Personnel Requirements

- ❖ Full Time
 - Administrative Managers/Owners/PT: 2
 - Outpatient Physical Therapist: 1
 - Administrative Assistant: 1

- ❖ Part Time
 - PT Aide: 1
- ❖ As Needed
 - IT Specialist
 - Attorney
 - Accountant

Job Descriptions

- ❖ Administrative Managers/Owners/Physical Therapists
 - PT description the same as “Outpatient Physical Therapist” description
 - Manages supplies and stocks proactively, biweekly equipment check to verify working-order for patients
 - Help and work with patients via email, phone, and in person.
 - Creates and enforces policies and procedures for the best of the clinic and patients.
 - Oversee company operations and supervise all other employees of the business
 - Will be utilized to develop a logo, website, and apparel for the business
 - Collaborate with owners and employees to create a design that emphasizes our clinic’s purpose.
 - Create a professional website and Instagram to promote our business that is user friendly to potential and current patients
 - Keep the website up to date by checking in with owners monthly or as needed.
- ❖ Outpatient Physical Therapists (PT)
 - Improve the quality of life of patients by providing hands on care, prescribed exercise, and patient education
 - Consult with patients on individual goals and need for independent function through daily life
 - Make clinical decisions with the patient’s best interest in mind
 - Determine when it is appropriate to refer patient out to other health care providers
- ❖ Physical Therapy Aide
 - Prepares treatment room for patient by following prescribed procedures and protocols.
 - Assists with implementation of physical therapy programs with patients, including range of motion, stretching, balance, and strengthening programs
 - Assists with preparing and/or providing modalities to patients, such as ice, vasopneumatic device, moist heat, and ultrasound
 - Assists physical therapy staff with measuring and fitting devices, such as braces, compression, and inserts
- ❖ Information Technology Specialist
 - This is a specialist who helps with computer support and security administrator who assists companies and organizations with managing hardware, software, networking and solving problems.
 - We will utilize this person as needed for any problems that arise with technology such as computers, monitors, telehealth, etc.

❖ Attorney

- Will be utilized as needed and be available for consultation when questions arise.
- Manages and advises the owners on legal issues in civil, administrative, and criminal cases to protect the company.
- Will meet with owners 4 times a year to oversee any conflicts that may arise and advise on how to adjust business plans as needed in regard to the intricacies of the law and how it impacts the employers and company.

❖ Accountant

- Will be utilized at least 4 times a year and as needed by the business owners
- Files annual taxes and manages monthly and annual budgets
- Advise the owners in financial decisions to ensure company is profitable

Geographic Location and Facility Requirements

❖ Geographic Location

- *Heart Work and Live Lung Physical Therapy Clinic* will be providing services to a wide age group of individuals 15-85 in the Metropolitan Area and housed in Charlotte, NC. The population of this area is 2,728,933²³ and the area remains the 22nd largest in the nation. The Charlotte metro area has increased its population count by nearly 44,000 people in a year's span which is an increase in 1.7% according to the latest U.S. Census Bureau²⁶. This is one of the reasons we believe the Charlotte Metropolitan Area to be an excellent target population because of the continued growth and an average of about 120 new people²⁶ each day leading to endless patients potentially. In addition to the vast increasing population, the Mecklenburg County Health Report reported 6% of the population had cardiovascular disease, and 16% had respiratory problems, leading to a total of 600,365.26 potential patients with cardiac and respiratory dysfunction in the area near our clinic²⁷. Of course, those are just the people in 2016 that were diagnosed in the area and does not include the increase in population with cardiac and respiratory dysfunction over the past 4 years in the area. Thus, we can infer the patient population for this clinic is abundant in the Metropolitan Area making the location perfect for our services.

❖ Facility Requirements

- Main level building with hopes of expanding to a second floor for the wellness center.
- 2,500 square footage
 - This meets the standard of 500 sq. ft. per PT (1500 sq. ft req.) +60 sq. ft for admin (60 sq. ft. req.) + 100 sq. ft. for waiting area (100 sq. ft. req)²⁴. Thus, we have 840 sq. ft. over the requirements for our employees giving us room to grow in the future to add more employees/equipment.
- 5 disability parking spots in front of building
- Ramp to the door (no stairs)
- Oxygen Tanks
 - Patients are required to bring their own oxygen if it's needed and extra for emergencies and/or if extra oxygen needs come up.

Information Management

- ❖ Organization for *Heart Work and Live Lung Physical Therapy Clinic* will be coordinated via patient's last name on an official electronic medical record (EMR) system. This will give the co-owners a record of all encounters with individuals as well as an easily searchable system to find documents later on.
- ❖ All information after each week will be compiled onto a hard drive and hard drives will be large enough to handle information for an entire year of patients.

Regulatory Requirements

- ❖ Owners: oversee corporate compliance and employment regulation
- ❖ Accountant: responsible for financial management
- ❖ Employment regulation
 - Occupational Safety and Health Act (OSHA)
 - Fair Labor Standards Act (FLSA)
 - Family and Medical Leave Act (FMLA)
 - Americans with Disabilities Act (ADA)
- ❖ Financial regulation
 - Generally Accepted Accounting Principles (GAAP)
 - Health Care Regulation
 - Medicare/Medicaid (guidelines are found within the Social Securities Act)
 - Health Insurance Portability and Accountability Act (HIPAA)
 - Regulations that correspond with Private Insurance Policies

Insurance Needs

Insurance Needed	What is provides	Company or Employee
Professional Liability Insurance (Malpractice Insurance)	Protects against financial losses from lawsuits filed against healthcare professionals by their patient	Company
Life Insurance (ADD)	Ensures a death benefit will be given to beneficiaries upon the insured employee's death.	Employee
Disability Insurance	Provides compensation to employees who are unable to work due to an accident or illness	Employee
Workers Compensation Insurance	Provides benefits to employees who get injured or sick from a work-related cause.	Employee

Health Insurance	typically pays for medical, surgical, prescription drug and sometimes dental expenses incurred by the insured.	Employee
Dental Insurance	health insurance designed to pay a portion of the costs associated with dental care	Employee

Hours of Operation

- ❖ Monday-Friday: 7am-6pm
 - Some PT do 7-4, 9-6 (before after work)
 - Assume therapist takes 1 hour depending on their patients for lunch
 - Later when we have more employees, we will have reduced staff in early and late hours and more in middle hours of the day.
- ❖ Saturday: Manager Staff Administrative Day (each manager (co-owner) does 2 Saturdays a month of Administrative work)
- ❖ Holiday Weeks: We will be off all major holidays (Thanksgiving, Christmas Day, 4th of July, Memorial Day and Labor Day) and will make up that day by opening the Saturday of the week before or after to accommodate hours and patients.

MARKETING

Marketing Analysis

- ❖ **Marketing Analysis**
 - **Demographics of Charlotte metropolitan area (based on censusreporter.org)**
 - Total Population: 2,728,933²³
 - Median Age: 37.4 +/- 0.1 years²³
 - Sex: 51% female²³
 - Median household income: per capita income = \$34,639; Median household income = \$62,068²³
 - Poverty = 11.2%²³
 - **Target Market**
 - Patients with cardiopulmonary dysfunction that may have additional musculoskeletal problems
 - Adolescent/adults: 15-85: We target a wide population of patients with cardiopulmonary background
 - **Market Need**
 - How *Heart Work Live Lung Clinic* can be a valuable resource in the Charlotte Metropolitan area because of its close proximity to large hospitals such as Atrium/Novant Health as well as Duke and UNC nearby as well we have a multitude of hospitals that have cardiopulmonary patients that we could be an option for them to go to if they cannot go into rehab but need an outpatient option that specializes in this population. Additionally, there are cardiopulmonary rehab facilities in Charlotte and in the Triangle area that could refer their patients to us that are too

low level for therapy or have other general musculoskeletal issues they were unable to address.

➤ **Competition**

- General PT clinics in the area: 50+ clinics
- We have no real competition with other general outpatient PT clinics due to our specialized target population of cardiopulmonary patients. We hope that other rehab facilities will refer patients who are too low level or beyond rehab to our clinics as well as general orthopedic PT clinics will send us their patients who have a history of cardiopulmonary dysfunction.
- Barriers to Entry: How *Heart Work and Live Lung Physical Therapy Clinic* is protected from new competition

Marketing Strategy

❖ **Marketing Strategies**

➤ **Making Connections for Referrals:**

- Our owners, therapists, administrative manager will help assist our communication outreach specialist to build a network of local physicians, hospitals, and cardiopulmonary rehab facilities that will reliably refer patients to our practice. We will give out promotional materials (brochures/flyers/business cards) to these vendors to have at their front offices.

➤ **Free Stress Balls given out at cardiac rehab facilities or corresponding units in hospital**

- We will network with cardiac rehab facilities and cardiopulmonary units in the hospital and give them stress balls with our information on it to all patients in hopes of getting our name out there.

➤ **Free Screenings in Conjunction with Health Fairs in the community**

- We will network with local businesses and universities in Charlotte and Triangle Area to set up free physical therapy screenings alongside pre-established health fairs and blood drives. Performing screenings can help potential patients identify their concerns and understand how physical therapy can aid in solving their movement problems. This will also help us find patients in these areas with cardiopulmonary problems that have not been to rehab or the hospital.

➤ **HeartWorkandLiveLungClinic.com:**

- Our contracted graphic/web designer will create our webpage which will contain all our information about our services, staff, patient portal for easy access for appointments and documents, patient testimonials, and other important information (events we're holding, updates, products, etc.)

➤ **Social Media:**

- We will stay connected with our patients and potential future patients through social media apps such as Facebook and Instagram. These pages will include patient testimonies, therapist responses to questions posted by patients, equipment available, transformation pictures once our wellness center is fully developed, meet the staff posts, general population education posts, and posts of pictures of events that we host in the community. Upkeep of our social media pages will be the responsibility of the

Communication Outreach Assistant. We will post once every 2 weeks to keep it relevant.

➤ **Apparel:**

- We will promote *Heart Work and Live Lung Physical Therapy Clinic* by distributing polos that display our logo and slogan. This same design will be utilized in tank tops and t-shirts to sell to patients as an effort to have our patients promote the company in the community.



FINANCIAL MANAGEMENT *(Refer to Excel Sheet for Details)*

Capital Budget

(Refer to Capital Budget Tab on Excel)

The following items include equipment that will be one-time purchases during the initiation of *Heart Work and Live Lung Physical Therapy Clinic* and will be included in the start-up costs. The co-owners are responsible for providing the finances for the total start-up cost and the initial variable costs. The co-owners will evenly split the cost and be reimbursed through productivity income over time.

	Item	Amount	Cost (\$)	Total (\$)
Building Infrastructure				
	Space renovation	1	25,000	25,000
Total				25,000

Network/phone equipment				
	Desktop computer	1	1,050	1,050
	Laptops	3	1,000	3,000
	Printer	1	3,000	3,000
	Square reader	2	240	480
Total				7,530
Other office equipment				
	Front desk furniture	1	4,000	4,000
	Standing desk	3	80	240
	Misc. office supplies (hard drive)	1	1,000	1,000
Total				5,240
Advertisement				
	T-shirt	5	20	100
	Brochure	3	500	1,500
	Website domain	1	100	100
	Stress balls	200	5	1,000
Total				2,700
Testing equipment				
	EMG Apple watch	3	500	1,500
	Pulse oximeter	3	20	60
	Spirometer	1	300	300
Total				1,860
Clinic equipment				
	First aid kit	1	30	30
	Parallel bars	1	5,000	5,000
	Hi-lo table	3	2,000	6,000
	AED	1	1,325	1,325
	Oxygen Tanks	1	2,000	2,000
	Other exercise equipment	1	2,000	2,000
	Treadmill	3	1,000	3,000
	Rolling walker	1	50	50
	Free weights set	1	250	250
	Recumbent bike	3	1,000	3,000
Total				22,655

Capital Budget Total				64,985
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Annual Operations Expense Budget

(Refer to Payroll for some information)

Expenses:

Category	Cost
Fixed Costs	Total Fixed Cost Below: \$613,500.91
Salary	
PT/Manager Salary	2 PT/owners x \$65,000 = \$130,000
PT Salary	1 PT x \$60,000 = \$60,000
Admin Salary	1 Admin x \$26,000 = \$26,000
PT Aide Salary	1 PT Aide x \$13,000 = \$13,000
Bonuses	\$21,600 (6500 for 2 PT/owner, 6000 for PT, 2600 for Admin)
Total Annual Salary (Salary + Bonus)	\$229,000
Fringes	
<i>Payroll Tax</i>	
Payroll Tax – FICA	\$15,537 ¹⁶
Payroll Tax – Medicare	\$3,635
Payroll Tax-Unemp-ST	\$6,557 ¹⁷
Payroll Tax-Unemp-FED	\$210 ¹⁸
Total Payroll Tax	\$25,939
<i>Employee Benefit Expense</i>	
Workman’s Comp. Premium	\$7,330
401 K	\$15,036
Health & Dental Premium	\$32,890
AD & D Premium	\$1,083
LTD Premium	\$726
Continuing Education	\$9000
Total Employee Benefit Expense	\$66,065
Total Salary + Fringes	\$342,604
Insurance	
Malpractice	\$15,000 (5,000 per PT) ¹²
Professional Liability Insurance	\$2,880 (\$60 month per PT/admin) ¹³
General Liability Insurance	\$19/month = \$228 ¹⁴
Total Insurance	\$18,108
Logistical Cost	
LLC Application	\$125 ¹⁵
LLC Annual Repost Filing	\$200 ¹⁵
EMR and Clearing House Fees	\$1800 ¹⁹
Web Domain Annual Fee	\$10
Payroll Software	\$850 ²⁰

Logistical Cost Total	\$2985
Building/Utilities	
Rent/Mortgage	\$1695/mo = \$20,340 ²²
Electricity, Heating, Water, Garbage	\$463.91 ²¹
Total Building/Utilities	\$20,803.91
Variable Costs	Total Variable Cost Below: \$10,988.88
Marketing	
Social Media	\$0
Business Cards	\$65 (for 2,500)
Additional Marketing Needs	\$1000
Total Marketing	\$1065
Clinical Supplies/Consumables	
KT tape (Amazon)	\$14 x 12 = \$168
TheraBand's (Amazon)	\$14 x 12 = \$168
Total Clinical Supplies/Consumables	\$336
PPE/Cleaning	
Masks (Amazon)	\$3650 (\$10 box of 50 a day)
Face Shields (Amazon)	\$50
Cavicide Spray (Amazon)	\$28 x 12 = \$336
Lysol Wipes (Amazon)	\$15 x 12 = \$180 (Amazon)
Gloves (Amazon)	\$26 x 24 = \$624
Bathroom Supplies (cleaner, toilet paper, paper towels, soap) (Amazon)	\$20 (plunger/brush) + \$120 (toilet cleaner) + \$240 (paper towels) + \$340 (garbage bags) + \$192 (soap) = \$912
Everyday Cleaner (windows, surfaces, etc) (Amazon)	\$144 (multi-surface cleaner)
Total PPE/Cleaning	\$5896
Consultation	
Attorney	\$300 a visit x 2 (twice a year) = \$600
Accountant	\$200 a visit x 12 (monthly) = \$2400
Computer Support	\$260 (4x/yr)
Maintenance	\$240 (4x/yr)
Total Consultation	\$3500
Dues and Subscriptions	
Professional Dues (APTA)	\$120
GoDaddy Subscription	\$71.88
Due and Subscription Total	\$191.88
Total Annual Operational Budget	\$624,489.79

Revenue

Category	Cost
Patient Fees (Self-Pay)	\$57 per 1-hour Evaluation per PT
	\$47 per 1-hour Treatment PT

Estimated Reimbursement (Medicare)	\$114 per 1-hour Evaluation per PT
	\$95 per 1-hour Treatment PT
Estimated Reimbursement (BCBSNC)	\$80 per 1-hour Evaluation per PT
	\$66 per 1-hour Treatment PT
Clinical Supply Sales	T-Shirt = \$25
	TheraBand = \$5/per band
	KT Tape = \$15/per roll
	Stress Ball = \$2/per logo shaped stress ball

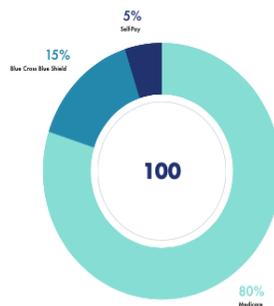
Payer Mix and Case Mix

Annual Revenue Calculation Per Therapist

(Refer to Revenue Forecast Tab on Excel)

	Total	Medicare	BCBSNC	Self-Pay
Percent Reimbursement of Medicare	100%	100%	70%	50%
Estimated patient mix (%)	100%	80%	15%	5%
Evaluations per payer (sessions/yr)	750.00	600.00	113.00	38.00
Treatments per payer (sessions/yr)	3,750.00	3,000.00	563.00	188.00
Evaluation revenue per payer per year	176,250.00	68,694.00	9,056.16	2,175.31
Treatment revenue per payer per year	675,000.00	284,370.00	46,412.90	8,910.26

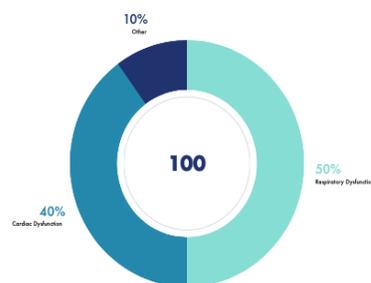
Payer Mix



Medicare = 80%
BCBS = 15%
Self-Pay = 5%

Our patients receive coverage for our services under Medicare Part B (outpatient services to patients).

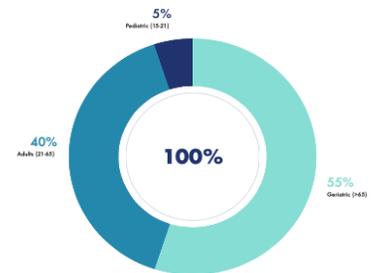
Diagnostic Mix



Respiratory Dysfunction = 50%
Cardiac Dysfunction = 40%
Other = 10%

Our services are provided within outpatient setting, so we utilize the International Classification of Diseases, 10th Revision; Clinical Modification (ICD-10-CM) code set for all coding purposes.

Patient Mix



Geriatric (>65) = 55%
Adults (21-65) = 40%
Pediatric (15-21) = 5%

Estimated Collection Rates

Coding/Billing and Estimated Collection Rates

(Refer to Revenue Forecast Tab on Excel)

	Code	Per Unit Rate	HW&LL Billing Rate	Medicare Reimbursement Rate	BCBSNC Reimbursement Rate	Self-Pay Billing Rate
Percent Reimbursed				100%	70%	50%
PT Evaluation High Complex 45 min	97163	175.00	175.00	84.28	59.00	42.14
PT Re-Eval Est Plan Care	97164	120.00	120.00	57.76	40.43	28.88
Neuromuscular Reeducation	97112	60.00	60.00	34.70	24.29	17.35
Therapeutic Exercise	97110	60.00	60.00	30.21	21.15	15.11
Gait Training Therapy	97116	60.00	60.00	29.88	20.92	14.94
Group Therapeutic Procedures	97150	40.00	40.00	18.12	12.68	9.06
Physical Performance Test	97750	70.00	70.00	34.24	23.97	17.12
Self-Care Management Training	97535	60.00	60.00	33.57	23.50	16.79
Manual Therapy	97140	60.00	60.00	27.81	19.47	13.91
Totals			705.00	350.57	245.40	175.29

Units of Service Calculation

- ❖ Determining the Cost of One Unit of Service

- Treatment Cost: We will reserve 45 minutes per treatment session, and we anticipate providing 15 total treatment sessions per day amongst the 3 physical therapists. A typical treatment session will entail of 1 Neuromuscular Re-education CPT code (\$34.70), 1 Therapeutic Exercise CPT code (\$30.21), 1 Gait training CPT code (\$29.88). The Medicare reimbursement rate for 1 typical treatment session is \$114.
- Evaluation Cost: We will reserve 60 minutes per evaluation sessions, and we anticipate providing a total of 3 total treatment sessions per day amongst the 3 physical therapists. A typical treatment session will entail of 1 PT Evaluation High Complex (\$84.28) and 1 Therapeutic Exercise (\$30.21) CPT code. The Medicare reimbursement rate for 1 typical evaluation session is \$95.
- Medicare UOS estimated reimbursement: We anticipate 17% (3/day) of our sessions will be evaluations and 83% (15/day) of our sessions will be treatments.
 - $(\$114 \times .17) + (\$95 \times .83) = \$110.77$

Providers	Percent of our Payer Mix	Percent Reimbursement of Medicare	Estimated Reimbursement of UOS (17% evaluations and 83% treatments)
Medicare	80%	100%	\$110.77
Blue Cross Blue Shield	15%	70%	\$68.38
Self-Pay	5%	50%	\$55.30

❖ **Average UOS Estimated Reimbursement:**

- The following equation factor in payer mix to find the total estimated UOS.
- $(\$110.77 \times .80) + (\$77.62 \times .15) + (\$55.30 \times .05) = \103.02

Productivity Estimates

- ❖ **Billable Hours:**
 - 8 hrs./day per PT
- ❖ **Total Paid Hours/year:**
 - 8 hrs/day x 5 days = 40 hrs/wk x 52 weeks = 2,080 hrs/yr
- ❖ **Breakdown of Non-Productive Hours:**
 - Paid Time Off (PTO) = 14 days x 8 hrs = 112 hours per yr.
 - ConEd = on Saturdays = won't affect productivity!
- ❖ **Available Productive Hours:**
 - 2,080 hrs/yr – 112 hrs/yr = 1968 hrs/yr
- ❖ **75% Maximum Productivity Expectation**

- 1968 hrs/yr x 0.75 = 1476 hrs/yr
- 1 UOS = 1 Patient Session = 48 minutes
 - Session Breakdown: 83% = 45 min treatment, 17% = 60-minute eval
 - Average time for a UOS: (45 min x .83) + (60 min x .17)
 - Average time for a UOS: 37.35 min + 10.2 min = 47.55 minutes → 48 minutes
- 1476 hrs/yr x 0.8 (48/60) UOS/hr = **1180.8 maximum UOS/year/therapist**

❖ Timeline of Ramping Up UOS for Year 1 (1180.8 maximum UOS/year/therapist / 12 (12 months in a year) = 98.4 UOS/month/therapist

Month	% of Max UOS/Year	UOS per Therapist	Summed UOS per Therapist
1	35%	34.44	34.44
2	45%	44.38	78.82
3	55%	54.12	132.94
4	65%	63.96	196.9
5	75%	73.8	270.7
6	85%	83.64	354.34
7	95%	93.48	447.82
8	100%	98.4	546.22
9	100%	98.4	644.62
10	100%	98.4	743.02
11	100%	98.4	841.42
12	100%	98.4	939.82

Break-Even Analysis

❖ **Break Even Equation = Fixed Costs / (Price – Variable Cost per UOS)**

❖ **UOS**

- 1 UOS = 1 patient visit = .75 hr. or 45 minutes
- How many patients per day?
 - PT treats 5x a week
 - UOS = 45 min of time (.75 hr.)
 - 8 hr. workday (9 total hours of work per day but 1 hour is lunch)
 - 8 hr. = 6 hours per PT per day (scheduled 8 but assume 2 no-shows and with the 6 patients there are 5 Treatments and 1 Eval) x 5 days = 30 UOS per PT/wk x 3 PT = 90 UOS/week

- UOS/month: 90 UOS/wk x 4 weeks/month = 360 UOS/month
- UOS/year: 360 UOS/month x 12 months/yr. = 4,320 UOS/yr.
 - ◆ Vacation Per Therapist
 - 2 weeks of Vacation per Therapist
 - 90 UOS/week x 2 weeks of vacation = 180 UOS remove
 - 4,320 UOS per year – 180 UOS for vacation days = **4,140 UOS/yr.**
(including vacation days off)
- ❖ **Fixed Costs** (from Annual Operational Expense Budget) = **\$613,500.91**
- ❖ **Variable Costs** (from Annual Operational Expense Budget) = **\$10,988.88**
- ❖ **Price**
 - Average reimbursement based on insurance will be our price
 - 1 UOS = 45 min of time = 0.75 hr.
 - How many CPT go into 1 UOS = 3 CPT (1 ther. Ex/1 gait training/1 neuromuscular ed.)
 - Eval = 17% (3 per day = 1 per PT)
 - Treatment = 83% (15 per day = 5 per PT)
 - Average UOS Estimated UOS for 17% eval and 83% treatment including all 3-payer mix (Medicare/BCBS/self-pay) = **\$102.39**
- ❖ **Break Even Equation = Fixed Costs/ (Price – Variable Cost per UOS)**
- ❖ Break Even Equation = 613,500.91/ (102.39 – (10,988.88/4,140))
Break Even Equation = 613,500.91/ (102.39 - 2.65)
Break Even Equation = 613,500.91/99.74
Break Even Equation = 6,151.0017 UOS (round up to cover all cost = 6,152 UOS)
- ❖ 6,152 (UOS needed for break-even)/ 360 UOS/month = 17.09 months
- ❖ We will break-even in our **17th month**

FUTURE

Quality Outcomes Assessment Strategy

- ❖ Information Analysis and Outcome Assessment
 - What Data Will be Tracked?
 - We will track financial data, personal information, patient information, and compliance and quality.
 - Financial Data: The financial data will include expenses and revenues and during our monthly meetings we will compare to the past month
 - Personnel Information: For personnel information we will track number of patients seen total as well as per therapist, CPT codes used most often, number of no-shows per therapist to help with performance reviews.
 - Patient Information: Each patient we will track the diagnosis, the number of visits, referral sources, and insurance carriers to help us figure out which patient population we need to market to as well as if additional costs need to be adjusted.

- Quality and Compliance: In order to maintain our quality of care we will give each person a quality survey. For compliance we will have documentation reviews. We will also track PT's performance.
- How Will it be Tracked?
- **Financial Data**: The owners/administrative assistant will work closely with contracted accountant to analyze financial data. There are several things that will be looked at including:
 - Financial Position every month to make sure on track with break-even and budget
 - Monthly/yearly comparisons of financial data to determine trends in numbers
 - Measure performance monthly and annually with income sheets.
 - **Personnel Information**: We will utilize a payroll software to track charges, use of vacation days, continuing education, services provided, total patients, CPT codes, no-shows, etc.
 - **Patient Information**: Our EMR software will track patient diagnoses, number of visits, outcome measures (6MWT), referral sources, and insurance carriers.
 - Each PT will have EMR on their work laptops to input their data into the software and then each month the Administrative Assistant will organize it to bring to the monthly meetings via the EMR on the main desktop.
 - **Quality and Compliance**
 - **Quality**: The survey (Appendix A) will be used to determine how patients felt their treatment and care was in order to help adjust accordingly to make our care plan the best it can be. This data will be tracked manually on paper in a excel sheet on our main desktop and saved on a hard drive monthly.
 - **Compliance**: To ensure compliance we will have other therapists review a random day's documentation note from the previous month to ensure quality and accurate notes that are compliant with expectations. Documentation is expected to be completed and submitted within 24 hours of a patient visit. Additionally, our PT's will be scored on quality, improvement activities, advancing care information, and cost using the Merit Based Incentive Payment System (MIPS).
- **Assessing outcome Measures**
- Each month after the Administrative Assistant has compiled the data mentioned above, the employees will meet for a business planning meeting and address any concerns as well as things that the company excelled at that month. Each month will be compared to the past in order to figure out where adjustments are needed whether for marketing, referral, insurance, etc.

Long-Term Goals

In the future, we anticipate that *Heart Work and Live Lung Physical Therapy Clinic* will be a successful physical therapy business that has improved the lives of patients with cardiac and

pulmonary dysfunctions to help enhance their life-long health and care. We expect to work towards the following goals in the years to come:

- ❖ In subsequent years, *Heart Work and Live Lung Physical Therapy Clinic* goal would be to expand into a wellness center at the current location. To achieve this, we would need to hire an exercise physiologist that could be available to help answer the patient's questions about exercising. By adding a wellness center, we help continue our mission and vision by helping facilitate an option for patients with cardiac and pulmonary dysfunction to help continue their exercises and healthy living with a community of people similar to them while being accompanied by an educated individual they can ask questions too.
- ❖ *Heart Work and Live Lung Physical Therapy Clinic* has hopes within 3 years to create a program for patients with Cystic Fibrosis to enhance our population to include children and help address additional impairments that patients with CF deal with that are not handled through hospital and rehab centers.
- ❖ *Heart Work and Live Lung Physical Therapy Clinic* in the next 2 years hopes to be affiliated with a well-known hospital system in the Charlotte area such as Atrium to have a robust referral network and increase reimbursement from insurance companies due to a more well-known name.
- ❖ *Heart Work and Live Lung Physical Therapy Clinic* hopes to increase patient demand enough to create a need for hiring additional therapists to maximize the company's profits. By adding more employees, the company would need to account for a salaried employee within the fixed budget and financial analysis to ensure that the additional contracting fits within the financial plan to continue making a profit while offering quality employment and patient opportunities. We also would like to hire a Respiratory Therapist in the future to hand off patients that may need breathing education so the physical therapists can focus on the exercises and physical treatments more.

Exit Strategy

In the unlikely circumstance that *Heart Work and Live Lung Physical Therapy Clinic* must terminate operations, we can consider a variety of strategies to exit the market. These may include:

- ❖ Management buyout: This option is good if we want to have the legacy of *Heart Work and Live Lung Physical Therapy Clinic* continue on and have management or employees that are willing to take over the business¹.
- ❖ Sell the company to an external buyer: Both co-owners will agree on when to sell and who to sell the company to and then all assets (and debts) will be distributed evenly between both co-owners².
- ❖ Merge with an external company: This will require both co-owners to agree on which company to merge with and agree that the merger will benefit the patient population in which *Heart Work and Live Lung Physical Therapy Clinic* are rendered¹. There are many reasons to merge that could include increase in competitive edge, increase in type of services offered, and/or expansion of the location¹.

- ❖ Death/Disability of 1 of the business partners: The co-owners will each have an insurance policy of the other partner to cover an unexpected death or disability³. This policy will be paid by each co-owner with their own personal expenses.

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Physical Therapy Clinic

Appendix A: Patient Quality and Care Survey

Patient Name: _____

Reason for PT: _____

Please answer the questions below to help *Heart Work and Live Lung Physical Therapy Clinic* adjust to patient needs and better their ability to be clinicians. Circle your response.

1. How pleased were you with scheduling your physical therapy sessions?
 Very Satisfied Satisfied Neutral Dissatisfied Very Dissatisfied
2. Courtesy of office personnel:
 Very Satisfied Satisfied Neutral Dissatisfied Very Dissatisfied
3. Courtesy of Clinical Staff:
 Very Satisfied Satisfied Neutral Dissatisfied Very Dissatisfied
4. Clinician inclusion of your goals and desires into therapy:
 Very Satisfied Satisfied Neutral Dissatisfied Very Dissatisfied
5. Timeliness of therapy session:
 Very Satisfied Satisfied Neutral Dissatisfied Very Dissatisfied
6. Connectedness to Physical Therapist:
 Very Satisfied Satisfied Neutral Dissatisfied Very Dissatisfied
7. Listening Capability of Physical Therapist:
 Very Satisfied Satisfied Neutral Dissatisfied Very Dissatisfied
8. Results with therapy:
 Very Satisfied Satisfied Neutral Dissatisfied Very Dissatisfied
9. Home Exercise Program:
 Very Satisfied Satisfied Neutral Dissatisfied Very Dissatisfied
10. Cleanliness of Facility:
 Very Satisfied Satisfied Neutral Dissatisfied Very Dissatisfied
11. How likely are you to refer friends/family to this clinic:
 Very Satisfied Satisfied Neutral Dissatisfied Very Dissatisfied

Do you give permission for the office to call you for further explanation and questions that may arise due to the information provided?

YES: _____

Email: _____ Phone: _____

NO: _____

Thank you for your time and continued support for *Heart Work and Live Lung Physical Therapy Clinic!*

Co-owners: Maureen Marquie PT, DPT and Sarah Stewart PT, DPT

