

**The Addition of a Balance Center to an Existing
Multispecialty Group**

Business Plan Submission

Jeannette Stower, BA, LPN, FACMPE

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PROJECT SUMMARY

With the shift in healthcare from fee for service to value based payments, medical practices must search for opportunities that not only brings in revenue, but adds value to the patient experience. This business plan will outline the addition of a balance center to an existing multi-specialty medical group practice.

The assessment process for balance system disorders is an interdisciplinary process involving primary care, cardiology, neurology, neuro-ophthalmology, neurotology, otology, audiology, and physical therapy. The group currently provides the majority of the assessment. The specialty care currently offered by the group is: allergy and immunology, otolaryngology, neurotology, speech pathology, and audiology. The addition of a physical therapist to the group practice will enable it to enhance the assessment process and then provide treatment for the patients that are being referred out for these services. The services that will be offered by the balance center will be balance testing, vestibular rehabilitation, falls prevention, counseling, and patient education. The patient with chronic balance issues will be taught strategies to remain active, reduce fall risk, and cope with symptoms.

The group feels that the addition of a balance center will be successful because the practice has a large existing referral network and already receives referrals for patients with symptoms related to balance disorders. There is a continual need for the services, according to Sharon Beamer from the American Speech – Language Hearing Association (ASHA), it is estimated that “approximately 40 % of the population in the United States will experience some form of dizziness or balance difficulty over the course of a lifetime (2008)”. Last year the practice referred 656 patients out for vestibular rehabilitation. Instead of referring patients out for this service, it would like to provide these services onsite for these patients.

Though the practice would like to see an increase in revenue, the main goal for adding the balance center is to increase access of care for the patients that require these services. By adding a balance center to the practice, it adds value to the patient experience and qualifies as an improvement measure under MIPS, the (Merit Based Incentive Payment System) required under the Centers for Medicare a Medicaid Services.

This business plan will evaluate the feasibility of the addition of the balance center to the multi-specialty group, through strategic planning and market and financial analysis.

EXECUTIVE SUMMARY

The Company

The multi-specialty group (MSG) was founded in 1996, resulting from a merger of multiple private otolaryngology and allergy/immunology practices. The specialties currently offer otolaryngology, allergy and immunology, speech pathology, and audiology. The group consists of eight board certified otolaryngologists; four board certified allergists, two speech pathologists, nine audiologists, and seventy-five support staff. The practice offers services in six locations across several counties. The complimentary specialty care offered within the group practice affords patients a one stop shop for their ENT and allergy needs.

Mission Statement

The mission of the MSG is to provide high quality, cost effective specialty care to patients in their communities. The MSG will be a comfort to their patients, a resource to their referring physicians, and a health care advocate for their communities. These ideals will be carried out with the utmost integrity.

Market Opportunity

The practice already has a large existing referral base that refers patients for assessment of balance disorders. In 2018, the practice referred six hundred and fifty-six patients out for vestibular rehabilitation. By adding a physical therapist to the practice and opening a balance center, the MSG would be the only otolaryngology practice in the area that offers both assessment and treatment.

Management

The MSG has eight physician shareholders that make up the Board of Directors. The Board of Directors provides strategic guidance for the practice.

The group's practice is run on a day to day basis by the Managing Director and the Practice Administrator. The Managing Director position is held by a physician shareholder that is voted into office every two years by the Board of Directors.

The management team is made up of the Medical Director, Practice Administrator, and the Department Managers.

Experience:

Managing Director: The Managing Director is the elected representative of the Board of Directors. He/she is responsible for the implementation of the organization's strategic plan. This position is currently held by Physician D. Physician D has been with the practice since 1999 and has served as the Managing Director since 2007 (the board has voted every two years for he/she to remain in this position). Physician D has been a member of MGMA since 2005.

Practice Administrator: The Practice Administrator has thirty plus years of experience in private practice. He/she has been with the practice since 2000. He/she holds a Bachelor's degree in Business Administration, is a Licensed Practical Nurse, a member of MGMA since 2006, and currently holds the CMPE designation. The Practice Administrator works with the Managing Director to attain the goals and objectives of the organization in accordance to the approved actions of the Board of Directors.

Department Managers: The Administrator has a strong team of managers under him/her with many years of experience. The managers are placed by department and each has the expertise/experience required for their role. The practice strives to promote within and then mentor the manager. The management team meets weekly to ensure the organization is being run effectively.

Clinical Manager: The Clinical Manager's credentials are RN, MSN, and CCRN. He/she has multiple years of experience in a leadership role coming from a Med Star Hospital. He/she has been with the practice for three years. Their strengths include designing clinical work flow processes, writing policies and procedures, and quality assurance.

Front Desk Manager: The Front Desk Manager has thirteen years of experience with the practice and is currently working towards a Business Management Degree. Their strengths include scheduling and training.

Billing Manager: The Billing Manager is a certified coder, has an Associate's Degree in Management and is finishing his/her Bachelor's degree in the same field. He/she has worked with the practice for twenty one years. Their strengths include coding, credentialing, auditing, training, and understanding insurance benefits.

Audiology Manager: The Audiology Manager started with the practice as an intern from a nearby University, has a Doctorate degree, and has worked with the practice for ten years. Their strengths include Designing audiology work flow, audiology billing and coding processes, and training.

The majority of the management team has worked together for years. Longevity is an advantage because they have already learned to operate as a team, they are good problem solvers, and are able to delegate tasks according to their strengths.

Competitors/Competitive Advantage

While there are stand alone and hospital based physical therapy services located within the geographic area of the practice office locations that will provide vestibular rehabilitation, the MSG is the only otolaryngology group practice that will offer this service onsite for their patients. The MSG can offer both the assessment and the treatment, whereas the stand alone physical therapy locations cannot. The hospitals have the providers necessary to complete a full balance assessment, however, it often take weeks to obtain an appointment, charge a facility fee, charge for parking, and often require patients to use major highways to reach the facility. The majority of patients that have balance disorders are geriatric and many can no longer navigate these highways. Offering services within the communities, where they reside, makes it easier for them to drive to their appointments.

There are five major hospitals in our area that offer vestibular rehabilitation. These are not listed as they would reveal the identity of the practice.

The group already has a large existing referral network. It is already referring patients for assessment of balance disorders with the ENTs and audiologist. Adding a physical therapist provides continuity of care, expands the assessment process, and then provides necessary treatment, education, and counseling. Patients will be able to receive the care they need within one medical practice. Because of the MSG's established relationships with referring providers, the MSG will have an advantage over other physical therapy providers. However, the other facilities will have an advantage, over the practice, because they can offer more appointments as the MSG will only provide services in one centralized location the first year.

Financial Projections

Capital Requirements:

Start - Up Costs for Year One – Location #1 Total: \$18,160.00
(These will be purchased in 2018 prior to the start date of year one services)

Start – Up Costs for Year Two – Location #2: Total: \$16,660.00

Financing and Funding:

The practice will not be seeking outside funding. The shareholders will self-fund the capital needed for start-up.

Income Projections and Expected RIO

The Income Projections are based on the following:

Year One: The practice will offer services at one centralized location. The first year is expected to yield a positive net income of \$94,051.00. The capital requirements for start-up were not included in the first year income statement because the start-up money will be spent prior to the start of the year. To get a true ROI, the capital requirements were deducted from the net income to yield a positive ROI of 67%.

Year Two: The practice will add another location. The income statement includes the capital requirements. The second year is expected to yield a positive net income of \$111,308.24, with a positive ROI of 59%. The ROI is lower in year two because of the additional expenses to add another location and another physical therapist.

Year Three: The practice will continue to provide services at both locations. The third year is expected to yield a positive net income of \$185,180.29, with a positive ROI of 106%.

ORGANIZATIONAL PLAN

Existing Business

Summary Description of Existing Business

The group practice is structured as a P.A. (Professional Association) and is made up of physician shareholders, employed physicians, audiologists, speech pathologists, certified medical assistants, and other support staff. The MSG has offices in six locations throughout four counties. The specialties currently offered include allergy and immunology, otolaryngology, audiology, and speech pathology. The practice offers the following services:

- **Allergy and Immunology:** Allergy testing (Environmental, food, patch, Penicillin and medications testing) and immunology (allergy injections), and treatment for asthma including spirometry and FENO testing.
- **Otolaryngology:** Treatment for diseases of the ear, nose, throat, sinuses, snoring, and sleep apnea. Surgery for ear, nose, throat and sinus conditions such as ear tubes, sinus surgery, tonsils and adenoids, nasal fractures, thyroid, head and neck masses/cancer.
- **Audiology:** Hearing exams, ear molds, ENG's, ABR's, hearing aids, cochlear implants, and bone anchored hearing aids.
- **Speech Pathology:** Diagnosis and treatment for voice and swallow disorders. Services include – videostroboscopy, voice therapy, evaluation and treatment of dysphagia, FEES (Fiberoptic endoscopic evaluation of swallowing), and swallow therapy.

SWOT Analysis Existing Company

Strengths

The strengths identified below will act as competitive advantages for the MSG. These key components will highlight the MSG's current success and will be prime indicators for future practices:

- The MSG Has Been In Business For Over 20 Years
- Strong Branding
- Good Reputation
- Large Existing Referral Base
- Multiple Locations In Multiple Counties
- Good Management Team
- Experienced Billing Team
- Strong Financial Stability and Resources; Outside Funding Not Required

Weaknesses

The weaknesses identified below will outline areas that the MSG will need to consider before moving forward with a Balance Center:

- Large Turnover of Front Desk and Call Center Staff
- Limited Hours
- Hard To Meet MIPS Requirements Due to the type of Specialty Services Offered as Opposed to Primary Care Services

Below are the current recommendations to improve the MSG's Weaknesses:

The MSG will need to improve retention by changing the current MSG staff culture. Employee involvement in benefit decisions would decrease some of the MSG's current turnover. Due to the limited hours of the MSG; it is recommended that the MSG increase their hours to increase the patient's access of care. Lastly, due to the MSG being a specialty care group, they are not able to meet MIP requirements, but should focus on patient experience and quality of the services they provide.

Opportunities

- Add Ancillary Services That Are Currently Being Referred Out
- Increase Current Revenue

Threats

The current threats provided below will have an impact on the MSG and its future business model. It is suggested that the MSG be aware of these threats and continually monitor them:

- Increased Competition
- Change In Fee From Service To Value Based Payments
- Change In Referral Network
- Consumer Demands/Expectations
- Lower Healthcare Costs

Strategy

The MSG is interested in adding ancillary services that will increase revenue as well as increased access of care for their patients.

As part of strategic planning, the board of directors examined their current services that they are referring out and could potentially provide onsite. The shareholders decided to pursue the option of adding a balance center to the practice; adding this center will help to diagnose and treat balance disorders onsite. The otolaryngologist, neurotologist, and audiologist currently complete the majority of the balance assessment required to diagnose a balance disorder. To complete the assessment process and be able to provide treatment onsite, the practice would need to add a physical therapist to the group.

To determine the feasibility and return on investment that these onsite services would offer; an analysis will be completed that includes the following:

- Legal Analysis: To ensure that the practice is compliant with federal and state statutes for adding ancillary services, including the Medicare/Medicaid Anti-Fraud and Abuse Statute and Stark laws.
- Verification of the Volume of Patients Being Referred Out.
- Review of Insurance Reimbursements Rates.

Once this data is obtained, implementation of the balance center will be determined by the board of directors.

Strategic Relationships

The MSG currently has a large existing referral network that refers patients for assessment of balance disorders.

Key Stakeholders/Decision Makers

The group practice is owned by eight physicians (shareholders). They all hold equal shares in the practice. The shareholders make up the Board of Directors. A majority vote is required to proceed with any decisions, including the addition of an ancillary service.

- Physician A: Joined the practice in 1996 – Responsible for the Merger
- Physician B: Joined the practice in 1996
- Physician C: Joined the practice in 1996
- Physician D: Joined the practice in 1999 – Is the Managing Director
- Physician E: Joined the practice in 2003
- Physician F: Joined the practice in 2005
- Physician G: Joined the practice in 2007
- Physician H: Joined the practice in 2011

New Business

Summary Description of New Business

The practice will continue to offer their current services for otolaryngology, allergy and asthma, audiology, and speech pathology. The practice will hire a physical therapist who will become an

employee of the practice. The physical therapist will provide assessment for balance disorders and vestibular rehabilitation services. The addition of a balance center will allow the practice to treat patients in house for dizziness, benign positional vertigo, meniere's disease, and vestibular neuritis. The MSG will also be able to offer balance gait training, eply's, and fall prevention.

The services will be offered in a centralized location, so patients from all of the MSG's practices will be able to utilize these services. The current MSG facility has the required space needed to host a balance center and will not need to locate additional property. The cost to start up and provide the ancillary services will be funded evenly by the shareholders of the group practice.

Business Model

The company is a multi-specialty group practice that is structured as a P.A. (Professional Association). The current specialties offered by the group are otolaryngology, allergy and asthma, audiology, and speech pathology. The addition of a physical therapist will allow the practice to add the balance center to offer vestibular rehabilitation services.

SWOT Analysis New Business (Addition of Ancillary Service)

Strengths

- Strong Business Reputation
- Consistent Branding
- Large Existing Referral Base
- Multiple Locations
- Great Management Team
- Experienced Billing Team
- Required Capital for Expansion
- Success with Adding Previous Ancillary Services
- Experienced Physicians in the field of Balance Centers
- Trained Physical Therapist to Fill the Position

Weaknesses

- Large Turnover
- Limited Hours
- Inexperienced Front Desk and Call Center Staff

Opportunities

- Increased Revenue
- Patient Access of Care
- Exclusive Practice Referrals

Threats

Medical Competitors

- Change In Fee From Service To Value Based
- Change In Referral Network
- Consumer Demands/Expectations

Strategy

Year One: The MSG will open their first, Balance Center which will offer assessment for balance disorders and vestibular rehabilitation. The center will be located in a centralized location between the four counties that house the MSG offices. This office location was chosen because they have four office locations in the general vicinity. It is anticipated that 75% of the patients that are seen for balance disorders, for year one, will schedule for vestibular rehabilitation and 25% will not because of the location. We anticipate capturing the other 25% when the second location is opened. The balance center will offer hours Monday through Friday. Once the schedule fills or the patient demands exceed the allotted appointment slots, the MSG will add early or late hours and weekends. It should be noted that this location currently has the space required to add a Balance Center and will not need to locate outside property.

Year Two: The practice will open a second, Balance Center, located in their second largest office. This location will capture the patients from two other counties. The schedule will be created depending on the historical data from year one. The schedule will also be updated as patient needs and demands require. It should be noted that this location already has the space to add the Balance Center and will not look for outside property.

Year Three: The practice will continue to provide services in its two primary locations. The practice does not anticipate opening another location, but it may hire another physical therapist if needed.

Strategic Relationships

The group already has a large existing referral network that refers patients for assessment of balance disorders. The practice neurotologist/otologist was trained at the Silverstein Institute in Florida. This relationship and the training experience will be good resources as the balance center is being set up. For year one, the practice has an established relationship with a physical therapist that is willing to join the practice and set up the balance center and will not have to advertise and interview for a physical therapist. For year two, the physical therapist has a colleague interested in working for the practice.

Key Stakeholders/Key Decision Makers

The key stakeholders and decision makers will remain the same as those for the MSG. The Board of Directors will decide if they want to move forward with the implementation of the Balance Center.

Products and Services

The practice will continue to offer the following services; otolaryngology, allergy/asthma, audiology, and speech pathology. The addition of a balance center will allow the practice to treat patients in house for dizziness, benign positional vertigo, meniere's disease and vestibular neuritis. It will also be able to offer balance gait training, eply's, and fall prevention.

Administrative Plan

Multi-Specialty Group Organizational Chart



Once the Board of Directors decides to add the Balance Center, other decisions that are required for implementation will be handled accordingly:

- **Managing Director:** Will decide on initial salary and increases for the physical therapist and the benefits coordinator.
- **Practice Administrator:** Will approve EMR license purchase, scheduling, EMR templates and equipment purchases.
- **Physical Therapist:** Will provide template, forms, and work flow processes.
- **Billing Manager:** Will research and implement documentation requirements and appropriate billing and coding protocols.

Operational Plan: The Practice Administrator will be responsible to make sure that the tasks are assigned and that the team members are meeting the deadlines.

Year One: Location # 1

Task	Responsible Party	Due Date
Create Job Description for Physical Therapist	Human Resources Managing Partner/Administrator	June 5, 2019
Review Job description	Managing Partner/Administrator	June 7, 2019
Offer Letter to Physical Therapist	Managing Partner/Administrator/HR	June 10, 2019 (Allow 1 week for review)
Credentialing/Contracting with Insurance Companies	Administrator/ Billing Manager	Ongoing (Start date – June 17, 2019)
Purchase Malpractice Insurance	Administrator	June 17, 2019

Purchase EMR License	Administrator	June 17, 2019
Marketing	Administrator/Physicians	August 1, 2019
Create PT Template	Administrator/PT/IT	August 15, 2019
Create PT forms	Administrator/PT/IT	September 1, 2019
Create Patient Education Forms	Administrator/PT/IT	September 16, 2019
Create Routing Slip	Billing Manager/Front Desk Manager	September 16, 2019
Order PT Equipment	Clinical Manager	November 4, 2019
Order Desk	Administrative Assistant	November 4 2019
Order PC, Scanner, Desk	IT	November 4 2019
Order Lab Coats	Administrative Assistant	November 4, 2019
Order Business Cards	Administrative Assistant	November 4, 2019
Train Staff in Scheduling	Front Desk Manager	December 2, 2019
Train Staff in Authorizations	Billing Manager	December 2, 2019
Train Billing Staff	Billing Manager	December 2, 2019

Year Two: Location # 2

Task	Responsible Party	Due Date
Offer Letter to Physical Therapist	Managing Partner/Administrator/HR	June 10, 2020 (Allow 1 week for review)
Credentialing/Contracting with Insurance Companies	Administrator/ Billing Manager	Ongoing (Start date – June 15, 2020)
Purchase Malpractice Insurance	Administrator	June 15, 2020
Purchase EMR License	Administrator	June 15, 2020
Marketing	Administrator/Physicians	August 3, 2020
Order PT Equipment	Clinical Manager	November 2, 2020
Order Desk	Administrative Assistant	November 2, 2020
Order PC, Scanner, Desk	IT	November 2, 2020
Order Lab Coats	Administrative Assistant	November 2, 2020
Order Business Cards	Administrative Assistant	November 2, 2020
Make Staff Aware New PT Starting and Give Schedule	Front Desk Manager	December 3, 2020

Possible Roadblocks: A major road block that could hinder the timeline could be contracting and credentialing. If a panel is closed, the practice could not contract the physical therapist with the insurance company, and could throw off the MSG's income projections. A delay in credentialing for the physical therapist would also cause a problem for the MSG, as it would postpone adding patients to their schedule, however, the practice would still have to pay the physical therapist his/her salary regardless, causing a loss of money and potential revenue. Before starting credentialing, the practice will contact its top twenty insurance companies and have an open panel so we can add the physical therapist. Until this is determined we will not make any purchases for EMR license, or other equipment. To make sure that the schedule is open early, so the time slots are filled, credentialing will take precedence over other assignments that can be put on hold.

Incorporation Strategy

The balance center will allow the practice to complete the assessment process for patients with balance disorders and then provide rehabilitation treatment. In addition to the tasks on the operational plan that need to be completed to open the balance center, the following will be done to integrate the physical therapist into the practice.

The administrator will email the staff to advise them that the practice has hired a physical therapist to provide rehabilitation and treatment for balance disorders. The email will contain a short bio, a list of the services that will be provided, and an estimated start date. The staff will be made aware that the department managers will provide training on scheduling and billing prior to the start date.

The administrator will stay in contact with the physical therapist from date of hire, to complete the tasks listed on the operational plan: credentialing, malpractice insurance, creation of the template, forms, patient educational materials, business card, bio for the website, and size of lab coat needed.

The practice will host a meet and greet during the December staff meeting. The physical therapist will be invited to the meeting and will be introduced to the staff. Time will be allotted so that the staff can ask questions regarding workflow and the services that will be offered.

Onboarding of Physical Therapist Day One:

Task	Responsible Party
Training OSHA/ Review of Handbook/Office Policies	Human Resources
Training Computer (Email, EMR, Schedule)	IT
Tour of Office	Administrator
Contact Phone Numbers, Call Out Policies	Administrator
Dispense Lab Coats and Business Cards	Administrator
Acclimation to PT Room/Equipment	Clinical Manager
Billing and Coding Training	Billing Manager

On each employee's first day of employment, the department manager and human resource generalist take the employee out to lunch. The administrator and human resource generalist will take the physical therapist out to lunch.

For the first two weeks, the administrator will check in with the physical therapist every morning and evening to see if the physical therapist has any questions or needs.

Workflow: The patients will be seen by an otolaryngologist, and an audiologist for testing of hearing and balance function, and then referred to the physical therapist. The physical therapist will examine the patient for an initial assessment which consists of a discussion of symptoms, testing of musculoskeletal strength, coordination, and range of motion. Balance and gait will be evaluated. If rehabilitation is required treatment will be recommended. The physical therapist will have the patient's benefits verified by the benefits coordinator and then will schedule the first

visit for rehabilitation. The average number of follow up visits required for vestibular rehabilitation is ten. Rehabilitation includes increasing range of motion and improving strength. The physical therapist works with the patients to help them overcome the fear of falling and to help them return to a normal lifestyle.

Regulatory and/or Accreditation Bodies

Legal counsel will be sought to assure that the MSG will not be violating any Federal or State statutes including the Medicare/Medicaid Anti-Fraud and Abuse Statute and Stark laws. The findings are as follows:

- The physical therapist must be licensed.
- The physical therapist must be hired as an employee of the practice.
- The services that can be rendered must be within the practice's scope of medicine.
- The "In Office Ancillary Services Exception", will apply as long as the practice remains a group and the services are rendered at a location that is owned or rented by the practice.

Exit Strategy

The administrator for the MSG will monitor productivity for the physical therapist on a monthly basis. The Board of Directors have also approved that services will continue as long as the practice is breaking even. If the practice starts to lose money, the Practice Administrator has been directed to inform the Managing Director. The Managing Director will call a meeting and discuss the productivity with the Board of Directors. Should the Board of Directors decide to terminate the services, the physical therapist will be made aware. The practice will pick an end date for seeing patients, and no new patients will be given appointments for rehabilitation. These patients will receive a referral to an outside facility. All treatment will be completed for current patients receiving rehabilitation so the practice does not get accused of abandonment. The IT department will update the website, removing that they provide this service. The staff will be provided a script for patients calling requesting appointments.

The physical therapist is an at will employee which will allow them to be terminated. The office space being used for rehabilitation is located in one of the practice's current locations and will be designated for other purposes while the physical therapy equipment will be sold.

The Billing Manager will be responsible for informing the insurance companies that the physical therapist is no longer working for the company, and the Practice Administrator will cancel the MSG's malpractice insurance and inquire if tail insurance is necessary.

Marketing Plan

Overview and Goals of the Marketing Strategy

Success of the Balance Center depends entirely on referrals. For success, the MSG will need to focus on:

- Retention of the referrals that it currently receives from its existing referral network.
- Obtaining referrals from new providers.
- Self – referrals from both new and existing patients.

Marketing for referrals from both existing and new physicians/ providers will include:

- Physician and provider face to face visits
- Email reminders of new services
- Providing cell phone numbers and personal email for practice physicians
- Dedicated phone line for referring physicians to give to patients to call for urgent care appointments

Marketing for self – referrals will include:

- Patient education added to website defining balance disorders and treatments available
- Search engine optimization

Goals: All of the goals are dependent on patients being referred that have a balance disorder.

Year 1 Goal: To add a balance center to the practice in a centralized location in its service area. The MSG would like to see an increase in revenue. The MSG's goal is to treat 75% of the patients that were referred out for rehabilitation services in 2018. If the MSG is referred/treats 75% of the patients it referred out for the services in 2018 (492 patients), it will yield a ROI of 67%. The minimum goal is to break even. To break even the MSG will need to be referred/treat 301 patients.

Year 2 Goal: To add a second balance center that is closer than the current centralized location to capture the 25% of patients that the MSG is losing to competitors because the patients don't want to travel outside of their current service area. The MSG's goal is to be referred/treat 787 patients which will yield a projected ROI of 59%. (The ROI is lower than year one because of the start-up costs and salary for a second physical therapist).

Year 3 Goal: To increase revenue higher than year one. The MSG's goal is to be referred/treat 944 patients which will yield a projected ROI of 106%.

(Note: These projections are conservative since they are based on 2018 Medicare fee schedules. The MSG expects that they will treat patients from a variety of insurance carriers and due to contractual agreements, the MSG will also see a greater increase in ROI than stated in the three-year income projections.

Marketing Analysis

Target Market

The market that the MSG will target will be the patients that are located in the practice service areas that have a balance disorder. Balance disorders can affect any gender and age, with the majority of those being 40-60 years old.

The target audience that the MSG will focus their marketing to will be self-referred patients, referring physicians/providers, urgent care centers, and hospitals where it currently has privileges.

Competition

While there are physical therapy services, located within the geographic areas of the MSG's office locations that will provide vestibular rehabilitation, a majority of them are hospital-based. The MSG will be the only otolaryngology group practice that will offer this service onsite for

their patients. The MSG can provide both the assessment and the treatment, where standalone physical therapy locations cannot. The hospitals have the providers necessary to complete a full balance assessment; however, they often take weeks to obtain an appointment, charge a facility fee, charge for parking, and often require patients to use major highways to reach the facility. The majority of the patients that have balance disorders are geriatric, and many can no longer navigate these highways. Offering services within the communities where they reside makes it easier for them to drive to their appointments.

There are five major hospitals in our area that offer vestibular rehabilitation. These are not listed as they would reveal the identity of the practice.

The group already has a large existing referral network. It is already being referred patients for assessment of balance disorders with the ENT's and audiologist. Adding a physical therapist provides continuity of care, expands the assessment process, and then provides the necessary treatment, education, and counseling. Patients will be able to receive the care they need within one medical practice. The MSG will have an advantage over other physical therapy providers because of these established relationships with the referring providers. The other facilities have an advantage over the MSG because they can offer more appointments as, as the MSG will only provide services in one centralized location their first year.

Market and Consumer Trends

Unlike other products and services that come and go in the consumer market, people do not get to choose if they will acquire a balance disorder. Balance disorders require a neurologic examination and tests of hearing and balance function.

According to vestibular.org, "the prime market for vestibular rehabilitation services offered through a balance center is the population 40 to 60 years old (2018)." Vestibular also reports that "35% of the 69 million people in the United States between 40 and 60 years of age will require these services at one time or another (2018)." With the addition of a balance center, the practice can retain this segment of the market. Patients diagnosed with a balance disorder that requires treatment/rehabilitation will no longer need to be referred out for these services.

Market Research

Internal Research:

1. Volume of Referrals: This research was completed as part of the feasibility study prior to implementation. The MSG researched the number of patients that they referred out for rehabilitation services in 2018, to ascertain that the patient volume from their current referral network will support the balance center. The results verified that in 2018, the practice referred six hundred and fifty-six patients to another facility for treatment. Financial projections showed that to break even in year one, the MSG would have to see 301 patients. All patients over 301 would be extra revenue.
2. Referring Provider List: The MSG ran a report from the EMR to obtain a list of current physicians/providers that refer to the MSG. The report data ranged from January 2018 through June 2019. The results indicated that there are 130 referring providers in the practice service area. This list will be used to compile the face to face visit schedule.

3. Hospitals: The physicians have privileges at two hospitals. (These are not listed as they would reveal the identity of the MSG).
4. Self-referrals: The MSG compiled a report of its current database to see how many patients they have that fall within the target market. As of June 30, 2018, the practice has 89,213 patients between the ages of 41 – 64. The MSG will place information on the MSG website so that established patients in this age group will know that the MSG has added treatment for balance disorders should they need it. The MSG is expecting that the existing relationship will prompt patients to inquire about and/or self –refer for the services offered by the balance center.

External Research:

1. Urgent Care Centers: The MSG researched the number of urgent care centers in its service area. The results indicated there are 31. This list will be used as part of the face to face schedule.
2. Potential Referral Physicians/Providers: The MSG completed an internet search of all of the potential physicians and providers in there service area that they can market the balance center to. The results showed that there are 98 potential referring physicians/providers that they can add to the face to face visit schedule.

Marketing Strategy

From the MSG’s experience when marketing the speech pathology center in 2007, the MSG discovered that the best approach to marketing to physicians and other providers is to use a direct approach. Sending announcements and other printed advertisements through the postal service tend to get trashed.

This direct approach that the MSG will use for its marketing strategy will include, in-person visits to the practice or urgent care center, email advertisements, and providing useful resources to make the referral process easier for the referring provider. The MSG has also learned that the marketing should be done no more than six months, prior to the live date, so that the referring provider remembers the new services.

Once the MSG has reached out to the physicians and providers, the next step would be to have an assigned employee reach out to the referral coordinator. The referral coordinators are the ones responsible for many of the referrals when the patient presents to check out, and the patient says, “They told me I need to see an ENT or audiologist for my balance issues”. Again, the practice has had the best results in the past with a face to face visit with the referral coordinator. The MSG has learned from past marketing that referral coordinators like to have preprinted referral pads with the practice information and check boxes, so they do not have to fill in a lot of information.

The MSG will also use indirect marketing strategies to promote the balance center to physicians and providers. The practice will send the referring physicians/providers email announcements through their personal email or direct messaging. The messages will be short and to the point, as experience has taught the practice that if the message is too long, the physician and providers delete them once they have read the first line. For this reason, the first line will be created to catch their attention and draw them in.

Experience has taught the MSG that the easier they can make the referral process for the referring providers, the more referrals they are apt to get. To accomplish this, the practice will make up

preprinted referral pads that require very little handwritten information to be filled in by the physician/provider, and or the referring coordinator.

In addition to the referral pads, the physicians/providers will receive an email containing personal contact information for the practice providers to include cell phones numbers and personal emails so they can communicate the need for a referral quickly. Note: Email will be encrypted so that EPHI, electronic protected health information, is being sent securely. The physicians/providers will also be given direct messaging emails. Direct messaging is an email service for physicians and providers that is secure.

A dedicated phone number will also be assigned to a dedicated staff member who will be provided, for the physicians, to give to their patients for urgent care appointments.

The second part of the marketing strategy will be indirect and will focus on self -referrals from new and existing patients. The MSG has a good reputation and will continue to provide the quality care that they continually strive for, that will result in word of mouth referrals and good reviews on social media and review sites.

The IT department will update the practice website to contain information regarding balance disorders, the balance center, and the services it can provide. They will monitor and update search words routinely for search engine optimization. This will allow the practice to pop up as patients search for information related to balance disorders and/ or a physician/provider that can diagnose and treat balance disorders.

The return on these marketing tactics can be calculated as the cost each patient pays for the MSG's services.

Implementation of the Marketing Strategy

Below you will find a month to month marketing strategy for the MSG.

August 2019:

A schedule will be made for the physicians to start doing face to face visits with the referring providers. The schedule will be done on the evening of the provider's surgery days, so they do not have to lose in-office patient time. Based on internal research, there are 130 current referring physicians/providers, 98 potential referring physicians/providers, and 31 urgent care centers. The MSG has eight shareholders that will perform the face to face marketing. Each physician will spend half a day per week visiting, three physicians/providers. They will do this for August, September, and October. The schedule will made so that the three referring providers they visit are located within the same geographical area. If the eight shareholders each make three visits per week for 12 weeks, they will be able to reach out to 288 physicians/providers. The shareholders will not be paid for this time, nor will they receive mileage reimbursement as they have to cover all of the practice expenses and overhead. Since these visits will take place after their surgery schedule, they will be giving up quality time that they could be spending with their families, running errands, exercising, relaxing, etc.

October/November/December 2019: The practice will start sending reminder emails to the providers that they have already had a face to face visit with. These will be sent through direct messaging and private emails. The emails will contain the MSG's physicians email and cell phone number to expedite referrals. IT will send these emails on Wednesday's starting in October. The MSG will not have to hire more IT staff to complete this task. (IT costs are already factored into the overhead, so none of their time was factored into the marketing budget.)

December 2019:

IT will update the website and add keywords for search engine optimization. The MSG will not have to hire more IT staff to complete this task. (IT costs are already factored into the overhead, so none of their time was factored into the marketing budget for the balance center).

The specialized scheduler will be made aware that patients will be given the dedicated line we already have set aside for urgent appointments. The MSG will not have to hire more staff to cover this line. The scheduler's salary is already factored into the practice overhead, so none of the scheduler's time is factored into the marketing budget for the balance center). The cost for the seat license is \$27.00/month and is already factored into the overhead for the practice. Since there is no additional cost for the phone, this cost of the phone license is not factored into the marketing budget.

January – May:

An assigned employee representative will re-visit the provider locations and have a face to face with the referral coordinator. These visits will occur Monday through Thursday from January through May. The representative will make 3-4 practice visits per day. A marketing budget of \$500.00 a month will be allocated for referral pads and business cards and mileage reimbursement. This employee is already paid for marketing the practice, so none of the representative's salary is factored into the marketing budget for the balance center.

Marketing Budget January through May

Marketing	Quantity	Costs
Referral Pads	100	\$187.00
Business Cards	100	\$63.00
Mileage for visits		\$250.00 (Estimated)

As shown in the three year income projection, based on Medicare 2018 Reimbursement Rates. The MSG will need two patient referrals that require a new patient visit and the average ten visits for rehabilitation/ treatment per month, to cover the cost related to marketing. Reimbursement would be more than the marketing costs at \$748.00.

Financial Documents

Applying for Financing and Funding

The MSG will not be seeking outside funding. The start –up funds will be split equally by the shareholders and will be deducted from the money owed to them on the compensation model. None of the shareholders will be taking personal loans to fund the project.

How Much Capital Needed

Start - Up Costs for Year One – Location #1 Total: \$18,160.00
(These will be purchased prior to the start date of year one services)

- Legal: \$1500.00
- EMR License: \$7500.00

- Medical Equipment: \$7210.00
- Office Equipment: \$1950.00

Start – Up Costs for Year Two – Location #2: Total: \$16,660.00

- EMR License: \$7500.00
- Medical Equipment: \$7210.00
- Office Equipment: \$1950.00

Resource Costs Associated/Opportunity Costs

Resource Costs		
	Year One Location 1	Year Two Location 2
Marketing	\$ 2,500.00	\$ 2,500.00
EMR License	\$ 7,500.00	\$ 7,500.00
Medical Equipment	\$ 7,210.00	\$ 7,210.00
Office Equipment	\$ 1,920.00	\$ 1,950.00
Support Staff Salaries (Benefits not included)	\$ 23,192.00	\$ 23,887.76
Physical Therapist #1 Salary	\$ 62,000.00	\$ 63,860.00
Physical Therapist #2 Salary	\$ -	\$ 62,000.00
Rent - Location #1 (Utilities are included in rent) Includes 3% increase each year	\$ 6,720.00	\$ 6,888.00
Rent - Location # 2 (Utilities are included in rent) Includes 3% increase each year	\$ -	\$ 12,544.00
Total Resource Costs	\$ 111,042.00	\$ 188,339.76

The MSG does not have any other opportunities to invest in at this time. If the money is not used for the opening of the balance center, it will be distributed to the physician shareholders, or placed in a money market account for maximum interest earnings.

Cost Allocated from Original Business

The shareholders will self-fund the capital for start - up costs. The funds to pay for staff salaries will be taken out of the operating account until revenue from the Balance Center generates.

Expectations around ROI

Return on Investment			
	Year One	Year Two	Year Three
Investment Revenue	\$ 188,463.00	\$ 299,648.00	\$ 359,401.00
Investment Cost	\$ 112,572.00	\$ 188,339.76	\$ 174,220.71
ROI	0.67	0.59	1.06
	67%	59%	106%

Return on investment was calculated based on the projected income statement:

- Year One: The shareholders will see a projected 67% return.
- Year Two: The shareholders will see a projected 59% return. The return is lower than year one because of the capital requirements for start - up and the increase in expenses to add salary for another physical therapist and rent for another location.
- Year Three – The shareholders will see a projected 106% return.

Pro Forma Cash Flow Statement (Budget)

Pro Forma Cash Flow Statement Year One - Ending December 2020												
	January	February	March	April	May	June	July	August	September	October	November	December
Beginning Cash Balance	0	\$ (8,159.34)	\$ (613.43)	\$ 6,932.48	\$ 14,478.39	\$ 22,024.30	\$ 30,070.21	\$ 38,116.12	\$ 46,162.03	\$ 54,207.94	\$ 62,253.85	\$ 70,299.76
Cash Flow from Operating Activities												
Accounts Receivable	\$ -	\$ 15,705.25	\$ 15,705.25	\$ 15,705.25	\$ 15,705.25	\$ 15,705.25	\$ 15,705.25	\$ 15,705.25	\$ 15,705.25	\$ 15,705.25	\$ 15,705.25	\$ 15,705.25
Expenses												
Staff Salaries	\$ (1,932.67)	\$ (1,932.67)	\$ (1,932.67)	\$ (1,932.67)	\$ (1,932.67)	\$ (1,932.67)	\$ (1,932.67)	\$ (1,932.67)	\$ (1,932.67)	\$ (1,932.67)	\$ (1,932.67)	\$ (1,932.67)
Physical Therapist Salary	\$ (5,166.67)	\$ (5,166.67)	\$ (5,166.67)	\$ (5,166.67)	\$ (5,166.67)	\$ (5,166.67)	\$ (5,166.67)	\$ (5,166.67)	\$ (5,166.67)	\$ (5,166.67)	\$ (5,166.67)	\$ (5,166.67)
Rent	\$ (560.00)	\$ (560.00)	\$ (560.00)	\$ (560.00)	\$ (560.00)	\$ (560.00)	\$ (560.00)	\$ (560.00)	\$ (560.00)	\$ (560.00)	\$ (560.00)	\$ (560.00)
Marketing	\$ (500.00)	\$ (500.00)	\$ (500.00)	\$ (500.00)	\$ (500.00)	\$ (500.00)	\$ (500.00)	\$ (500.00)	\$ (500.00)	\$ (500.00)	\$ (500.00)	\$ (500.00)
Cash Flow from Investing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Flow from Financing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Cash Balance	\$ (8,159.34)	\$ (613.43)	\$ 6,932.48	\$ 14,478.39	\$ 22,024.30	\$ 30,070.21	\$ 38,116.12	\$ 46,162.03	\$ 54,207.94	\$ 62,253.85	\$ 70,299.76	\$ 78,345.67
Pro Forma Cash Flow Statement Year Two - Ending December 2021												
	January	February	March	April	May	June	July	August	September	October	November	December
Beginning Cash Balance	\$ 78,345.67	\$ 62,793.27	\$ 73,166.29	\$ 83,539.31	\$ 93,912.33	\$ 104,285.35	\$ 115,158.37	\$ 126,031.39	\$ 136,904.41	\$ 147,777.43	\$ 158,650.45	\$ 169,523.47
Cash Flow from Operating Activities												
Accounts Receivable	\$ 15,705.25	\$ 24,970.67	\$ 24,970.67	\$ 24,970.67	\$ 24,970.67	\$ 24,970.67	\$ 24,970.67	\$ 24,970.67	\$ 24,970.67	\$ 24,970.67	\$ 24,970.67	\$ 24,970.67
Expenses												
EMR Licence Physical Therapist #2	\$ (7,500.00)											
Medical Equipment Location #2	\$ (7,210.00)											
Office Equipment Location #2	\$ (1,950.00)											
Staff Salaries	\$ (1,990.65)	\$ (1,990.65)	\$ (1,990.65)	\$ (1,990.65)	\$ (1,990.65)	\$ (1,990.65)	\$ (1,990.65)	\$ (1,990.65)	\$ (1,990.65)	\$ (1,990.65)	\$ (1,990.65)	\$ (1,990.65)
Physical Therapist Salary	\$ (10,488.33)	\$ (10,488.33)	\$ (10,488.33)	\$ (10,488.33)	\$ (10,488.33)	\$ (10,488.33)	\$ (10,488.33)	\$ (10,488.33)	\$ (10,488.33)	\$ (10,488.33)	\$ (10,488.33)	\$ (10,488.33)
Rent	\$ (1,618.67)	\$ (1,618.67)	\$ (1,618.67)	\$ (1,618.67)	\$ (1,618.67)	\$ (1,618.67)	\$ (1,618.67)	\$ (1,618.67)	\$ (1,618.67)	\$ (1,618.67)	\$ (1,618.67)	\$ (1,618.67)
Marketing	\$ (500.00)	\$ (500.00)	\$ (500.00)	\$ (500.00)	\$ (500.00)	\$ (500.00)	\$ (500.00)	\$ (500.00)	\$ (500.00)	\$ (500.00)	\$ (500.00)	\$ (500.00)
Cash Flow from Investing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Flow from Financing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Cash Balance	\$ 62,793.27	\$ 73,166.29	\$ 83,539.31	\$ 93,912.33	\$ 104,285.35	\$ 115,158.37	\$ 126,031.39	\$ 136,904.41	\$ 147,777.43	\$ 158,650.45	\$ 169,523.47	\$ 180,396.49
Pro Forma Cash Flow Statement Year Three - Ending December 2022												
	January	February	March	April	May	June	July	August	September	October	November	December
Beginning Cash Balance	\$ 180,396.49	\$ 190,848.77	\$ 206,280.46	\$ 221,712.15	\$ 237,143.84	\$ 252,575.53	\$ 268,007.22	\$ 283,438.91	\$ 298,870.60	\$ 314,302.29	\$ 329,733.98	\$ 345,165.67
Cash Flow from Operating Activities												
Accounts Receivable	\$ 24,970.67	\$ 29,950.08	\$ 29,950.08	\$ 29,950.08	\$ 29,950.08	\$ 29,950.08	\$ 29,950.08	\$ 29,950.08	\$ 29,950.08	\$ 29,950.08	\$ 29,950.08	\$ 29,950.08
Total Cash Inflows												
Expenses												
Staff Salaries	\$ (2,050.37)	\$ (2,050.37)	\$ (2,050.37)	\$ (2,050.37)	\$ (2,050.37)	\$ (2,050.37)	\$ (2,050.37)	\$ (2,050.37)	\$ (2,050.37)	\$ (2,050.37)	\$ (2,050.37)	\$ (2,050.37)
Physical Therapist Salary	\$ (10,802.98)	\$ (10,802.98)	\$ (10,802.98)	\$ (10,802.98)	\$ (10,802.98)	\$ (10,802.98)	\$ (10,802.98)	\$ (10,802.98)	\$ (10,802.98)	\$ (10,802.98)	\$ (10,802.98)	\$ (10,802.98)
Rent	\$ (1,665.04)	\$ (1,665.04)	\$ (1,665.04)	\$ (1,665.04)	\$ (1,665.04)	\$ (1,665.04)	\$ (1,665.04)	\$ (1,665.04)	\$ (1,665.04)	\$ (1,665.04)	\$ (1,665.04)	\$ (1,665.04)
Cash Flow from Investing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Flow from Financing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Cash Balance	\$ 190,848.77	\$ 206,280.46	\$ 221,712.15	\$ 237,143.84	\$ 252,575.53	\$ 268,007.22	\$ 283,438.91	\$ 298,870.60	\$ 314,302.29	\$ 329,733.98	\$ 345,165.67	\$ 360,597.36
Note* This assumes a 30 day A/R turn around												

Three Year Income Projection

Summary of Income Projections for Three Years			
	Year 1	Year 2	Year 3
Revenue			
Projected Number of Patients	492	787	944
Reimbursements New Patients (Based on MC 2018 Rates: \$84.00/visit)	\$ 41,328.00	\$ 66,108.00	\$ 79,296.00
Reimbursements for Follow up Visits (Based on MC 2018 Rates: \$29.00/visit) Average number of visits required for rehabilitation is 10	\$ 142,680.00	\$ 228,230.00	\$ 273,760.00
Reimbursements for Eply's (Calculated using the number performed in 2018 (99) - Based on MC 2018 rates: \$45.00/per procedure	\$ 4,455.00	\$ 5,310.00	\$ 6,345.00
Projected Net Income	\$ 188,463.00	\$ 299,648.00	\$ 359,401.00
Expenses			
Marketing	\$ (2,500.00)	\$ (2,500.00)	\$ -
EMR License Location # 2		\$ (7,500.00)	
Medical Equipment Location #2		\$ (7,210.00)	
Office Equipment Location #2		\$ (1,950.00)	
Support Staff Salaries (Benefits not included)	\$ (23,192.00)	\$ (23,887.76)	\$ (24,604.39)
Physical Therapist #1 Salary	\$ (62,000.00)	\$ (63,860.00)	\$ (65,775.80)
Physical Therapist #2 Salary	\$ -	\$ (62,000.00)	\$ (63,860.00)
Rent - Location #1 (Utilities are included in rent) Includes 3% increase each year	\$ (6,720.00)	\$ (6,888.00)	\$ (7,060.20)
Rent - Location # 2 (Utilities are included in rent) Includes 3% increase each year	\$ -	\$ (12,544.00)	\$ (12,920.32)
Total Expenses	\$ (94,412.00)	\$ (188,339.76)	\$ (174,220.71)
Projected Net Income	\$ 94,051.00	\$ 111,308.24	\$ 185,180.29
Return on Investment (ROI)	67%	59%	106%
Summary:			
Projected number of patients			
<u>Year One</u> - Calculated by taking 75% of the number of patients referred out in 2018 for these services. Assuming that 25% of the patients will not want to travel to the one centralized location.			
<u>Year Two</u> - Calculated by using the number of patients referred out in 2018 for these services and added a 20% increase in patients taken from historical data.			
<u>Year Three</u> - Calculated by using the number of patients expected to be seen requiring these services and added a 20% increase in patients taken from historical data.			
Support Staff			
Added support staff for year one only - added dedicated benefits coordinator for physical therapy. Current staff can handle addition of the two physical therapist.			
Rent Calculations			
Location #1 - Space 240/square feet. Cost per square foot \$28.00. Year 2 and 3 include a 2.5 % rate increase.			
Location # 2 - Space 392/square feet. Cost per square foot \$32.00. Year 3 includes a 3% rate increase.			

Projected Balance Sheet

Projected Balance Sheet for New Business				
	Year 1	Year 2	Year 3	
Assets				
Current Assets:				
Accounts Receivable	\$ 188,463.00	\$ 299,648.00	\$ 359,401.00	
Property and Equipment	\$ -	\$ 16,660.00	\$ -	
Less: Accumulated Depreciation	\$ -	\$ -	\$ -	
Total Assets	\$ 188,463.00	\$ 316,308.00	\$ 359,401.00	
Liabilities and Stockholders Equity				
Current Liabilities				
Salaries	\$ 85,192.00	\$ 149,747.76	\$ 154,239.89	
Accounts Payable	\$ 9,220.00	\$ 21,924.00	\$ 19,980.52	
Total Current Liabilities	\$ 94,412.00	\$ 171,671.76	\$ 174,220.41	
Self Funded Capital	\$ -	\$ 16,660.00	\$ -	
Stockholders Equity	\$ 94,051.00	\$ 127,976.24	\$ 185,180.59	
Total Liabilities and Stockholders Equity	\$ 188,463.00	\$ 316,308.00	\$ 359,401.00	
Balance	\$ -	\$ -	\$ -	

Break Even Analysis

Break Even Analysis			
	Year 1	Year 2	Year 3
Expenses	\$ 112,572.00	\$ 188,339.76	\$ 174,220.71
Number of Patients Need to See to Break Even	301	504	466
Reimbursement Expected for each Patient \$374.00	\$112,574.00	\$188,496.00	\$174,284.00
(Based on each patient having a new patient visit and 10 follow up visits. Reimbursement based on MC 2018 rates: NP \$84.00 - Follow up \$29.00 Average follow up visits needed for rehabilitation is 10			
Note: Start - up cost were added to expenses for year 1			

To Break Even:

Year One: It is projected that the physical therapist will have to see 301 patients.

Year Two: It is projected that the physical therapist will have to see 504 patients.

Year Three: It is projected that the physical therapist will have to see 466 patients.

Profit and Loss Statement (Income Statement)

MGP Practice					
Profit and Loss Statement					
For Period January 1, 2020 to December 31, 2020					
Income					
Services				\$	188,463.00
Other Income				\$	-
Total Income				\$	188,463.00
Expenses					
Marketing				\$	(2,500.00)
Salary Support Staff				\$	(23,192.00)
Salary Physical Therapist				\$	(62,000.00)
Rent				\$	(6,720.00)
Total Expenses				\$	(94,412.00)
Profit/(Loss)				\$	94,051.00
* Note:Address not included intentionally					

MGP Practice					
Profit and Loss Statement					
For Period January 1, 2021 to December 31, 2021					
Income					
Services				\$	299,648.00
Other Income				\$	-
Total Income				\$	299,648.00
Expenses					
Marketing				\$	(2,500.00)
EMR License Location #2				\$	(7,500.00)
Medical Equipment Location #2				\$	(7,210.00)
Office Equipment Location #2				\$	(1,950.00)
Salary Support Staff				\$	(23,887.76)
Salary Physical Therapist				\$	(125,860.00)
Rent				\$	(19,432.00)
Total Expenses				\$	(188,339.76)
Profit/(Loss)				\$	111,308.24
* Note:Address not included intentionally					

MGP Practice						
Profit and Loss Statement						
For Period January 1, 2022 to December 31, 2022						
Income						
Services					\$	359,401.00
Other Income					\$	-
Total Income					\$	359,401.00
Expenses						
Salary Support Staff					\$	(24,604.39)
Salary Physical Therapist					\$	(129,635.80)
Rent					\$	(19,980.52)
Total Expenses					\$	(174,220.71)
Profit/(Loss)					\$	185,180.29
* Note: Address not included intentionally						

Balance Sheet

The balance sheet for the existing MSG is confidential and permission to use the data was not granted. Note: The MSG is physician owned and pays out all or most of their profits as bonuses or distributions to the physicians.

Financial Statement Analysis

Review of the projected financial statements reflects the following conclusions:

Year One: Starting January 2020

The income statement shows that there will be a positive net income of \$94,051.00. The MSG can expect to see a positive cash flow starting in March. The break - even point will occur after the physical therapist has seen 301 patients. The shareholders can expect a ROI of 67%. The ROI was calculated by adding the capital requirements to year one expenses.

Year Two: Starting January 2021

The income statement shows that there will be a positive net income of \$111,308.24. The practice can expect to see a positive cash flow starting in January 2021. The break - even point will occur after the physical therapists have seen 504 patients. The shareholders can expect a ROI of 59%. The ROI is lower the second year because of the expenses to add another location and physical therapist.

Business Financial History

The financial history for the existing MSG is confidential and permission to use the data was not granted.

The following general history is provided to show stability:

- The practice has had positive cash flows since its operation in 1996.
- The practice has had continual growth since 1996. It has added physicians/providers, services and office locations since it started operating in 1996.
- An increase in patient volumes has required all of the offices to move to larger facilities over the years to accommodate the growth.
- In 2007, Speech Pathology Services were successfully added to the practice.
- The practice has used a certified EMR since 2004.
- The practice maintains facilities so they are appealing, clean, and up to date.
- The practice uses up to date state of the art medical equipment for diagnostic testing and in office surgical procedures.
- Staff salaries are above current market rates. Employees are offered full benefit packages and receive yearly bonuses above annual increases. The practice employs a full time human resource generalist.

Innovative Elements and Expected Business Outcomes

The addition of a balance center will add revenue to the practice, increase access of care for the patients, and improve the patient experience by providing “one stop shop” for treatment for balance disorders. Insurance companies like patients to use stand - alone facilities versus hospital facilities because the cost tend to be cheaper.

Challenges Encountered

The MSG has attempted to add services to the practice several times and has completed the analysis and research necessary to provide the data to the shareholders. The MSG has not currently completed a formal business plan and intends on doing so the next time the opportunity arises. After conducting this research, the MSG will be able to share the data, keep it organized, and retain it for future use when it is a completed document. This research has opened the MSG to consider all possible roadblocks early and address them as soon as they can. In the future when completing the original analysis, the MSG would look at contracting to make sure that the insurance panels are open for the providers the MSG wishes to hire. Lastly, according to the legal analysis, this service cannot be contracted out. To be complaint with Federal/State Regulations the physical therapist must me an employee of the practice. The practice will continue to refer the patients out for vestibular treatment, with the practice losing potential revenue. The patients will be them forced to seek rehabilitation treatment at another facility.

Next Steps

Had the MSG business plan been accepted by the board, the MSG would begin the following dates on the milestone chart. As of today’s date – August 11, 2019, the Administrator and Physicians will begin working on marketing.

Works Cited

Beamer, Sharon L. "Vestibular Rehabilitation Introduction." American Speech-Language-Hearing Association, American Speech-Language-Hearing Association, Aug. 2008, www.asha.org/Articles/Vestibular-Rehabilitation-Introduction/.

"About Vestibular Disorders." Vestibular Disorders Association, 24 Jan. 2018, vestibular.org/understanding-vestibular-disorder.