



GENERAL QUESTIONS TO EXPECT WHEN STARTING A NEW PROGRAM

- 1. What is the current market and what will be the effect of the new program on the existing market?**
 - a. What is the payer mix?
 - b. How will you be able to convince other providers to refer patients to you?
- 2. How necessary is this new program?**
 - a. Are you introducing a service/brand to disrupt the market and gain patients or are you introducing a service/brand to keep pace with the market so as not to lose patients?
 - i. If you gain patients, will the majority come from other practices/systems or will you draw patients away from other areas of your practice/system?
- 3. Is this a new service or a “re-brand” that is an addition to current practice/clinic?**
 - a. New services will require evaluation and consideration of all start-up costs.
 - b. Implementing a new program in a current practice will require internal evaluation of positive, neutral or potential negative changes to the practice.
 - c. Recommend collaboration with your practice administrator/operational leader to complete a business case/proforma.
- 4. How much cost will be involved?**
 - a. Start-up: Will you need to hire new providers, buy new equipment and find new space or can you reapportion existing resources?
 - i. Will you market?
 - b. Annual/maintenance: Salaries, rent, marketing, etc.
- 5. How are you going to cover any costs?**
 - a. Will this new endeavor be a part of someone else's/another division's cost center or are you now responsible?
 - b. Are you generating new revenue streams?
- 6. How much profit and growth do you anticipate in year one? Year five?**
 - a. Can you generate enough revenue to cover some or all expenses?
 - b. What do you base these projections on and how can you justify them?
 - i. Figures from other programs in your practice/system.
 - ii. A sense of growth from other programs in the same market.



BUILDING A BUSINESS CASE: ITEMS TO CONSIDER AND POTENTIALLY INCLUDE

- **Current market landscape and future growth potential**
 - Is there enough volume to cover start-up and ongoing cost?
 - Perform market assessment.
- **New volume or shift in current patient volume?**
 - Additional revenue or maintain current revenue capture.
 - Potential for animosity in clinician group if shifting current patients to new clinician.
 - Current staffing capacity or expansion of staff needed to support volume.
 - Current space utilization or need for additional space/equipment/supplies.
- **New service requiring additional equipment?**
 - Cost of equipment, service contracts, maintenance, depreciation.
- **EHR/IT updates or integration costs?**
 - Is an EHR build needed?
 - Will new equipment need to be integrated?
- **New space/lease needed?**
 - Furniture for space (IT, hardware, exam room, waiting room, offices).
 - Equipment for all services including service contracts.
 - Utilities/costs for operation.
- **Staffing (hiring/training/retention)**
- **Evaluation of in-house expertise, partnership agreements or referral sources for additional services/expertise (dietitian, wellness programs, behavioral health, etc.)**
- **Training/education**
 - Continuous medical education and patient education programs.
- **Insurance**
 - New or ongoing malpractice insurance, tail coverage, adding new services to current insurance plan.
- **Revenue cycle build: New codes, expertise, update billing practices/processes**
 - Including compliance reviews and updating needed items to meet standards.
 - Payer updates.
 - Review of ancillary billing potential.
- **Marketing**
 - Cost to market specialty service or new clinic (outreach/community events, flyers, website, social media campaign, video production, visits to area practices, lunch and learns, etc.).
- **Safety**
 - Updating policies, processes, accreditation materials.
- **Quality**
 - New or change to measures being evaluated?



WOMEN'S CLINIC OUTLINE



FINANCIAL EVALUATION

- **Anticipated Volume (kept appointments and wRVUs)**
 - Can consider calculation of current volume per day or wRVU per kept appointment and utilize market assessment for growth projection/additional volume.
- **Anticipated Revenue (gross revenue and net revenue)**
 - Can calculate utilizing current revenue/wRVU with projected volume increase or benchmark projection for new service.
 - Ensure updating collections to match your current payer mix.
- **Expected Operating Expense and Overhead**
 - Utilization of consideration list and/or current expense per wRVU with projected volume increase.
- **Net Income Projections**

OUTLINE OF WOMEN'S HEART CENTER PROFORMA COMPONENTS

Revenue Streams

1. Patient Visits
2. Stress Testing
3. Echocardiograms
4. Nuclear Stress Testing
5. Cardiac CT scans
6. Cardiac Catheterization
7. Cardiac PET - myocardial blood flow measurements

Costs

1. Office Space

- Real Estate Rental/Lease
- Utilities

2. Personnel

- Physicians: new hires?
 - APPs
 - Nurses
- Medical Assistants
- Psychologist
- Nutritionist

3. Medical Equipment and Supplies

- Stress Testing Equipment
- Echo Machines
- Nuclear Imaging Equipment
- Cardiac PET/CT Scanners
- Cardiac Catheterization Lab Supplies

4. Administrative Costs

- Office Supplies
- Billing and Coding Services
- Insurance

5. Training and Education

- Continuous Medical Education for Staff
- Patient Education Programs

6. Marketing and Outreach

- Promotional Materials
- Community Outreach Events

7. Financial Projections

- Projected Patient Visits per Month/Year
- Anticipated Revenue per Service
- Expected Operating Expenses and Overheads
- Net Income Projections

**Refer to Excel document for actual estimations for proforma completion.*

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