



**HCCI**<sup>TM</sup>  
HOME CENTERED CARE  
INSTITUTE

# **Creating a Business Plan for HBPC**

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**Monday, December 22, 2025**

# Agenda

- 1. Elements of a Business Plan and Executive Summary**
- 2. Value of a Market Analysis & Marketing Plan**
- 3. Budget Considerations & Staffing Plan**
- 4. HBPC Implementation Roadmap**

# Elements of a Business Plan

- **Executive Summary & Company Description**
  - Mission Statement / Vision Statement
- **Market Analysis & Marketing Plan**
- **Budget / Proforma**
- **Staffing Plan**

# What is an Executive Summary?

- **An Executive Summary is a short summary of the entire business plan that should capture the reader's attention**
- **Business Description should include:**
  - Detailed Description of the Business
  - Mission Statement/Vision Statement
  - Description of Products and Services
  - Target Market

# How Does Strategy Fit?

- Strategy is the clear plan, which is time- and market-based, that describes the path by which an organization intends to reach its vision
- Strategy is the causal link between mission and vision specifying practical steps the organization will take to achieve its vision
- Strategy determines such things as resource priorities, organization structure, and what issues get daily organizational attention
- Requires measurement to assess progress



# Measuring Progress

- **Goals**

- Short-term
  - Target result achieved in support of a strategy and/or long-term goals
  - 1 - 2 year time frame
- Long-term
  - Target result in support of a strategy
  - 3+ year time frame

- **Objectives**

- Specific milestones with incremental time frames that allow measurement toward attaining goal

# Developing a Market Analysis

- Patient population to be served
- Geography
- Payor analysis
- Competitive Analysis
- Industry outlook

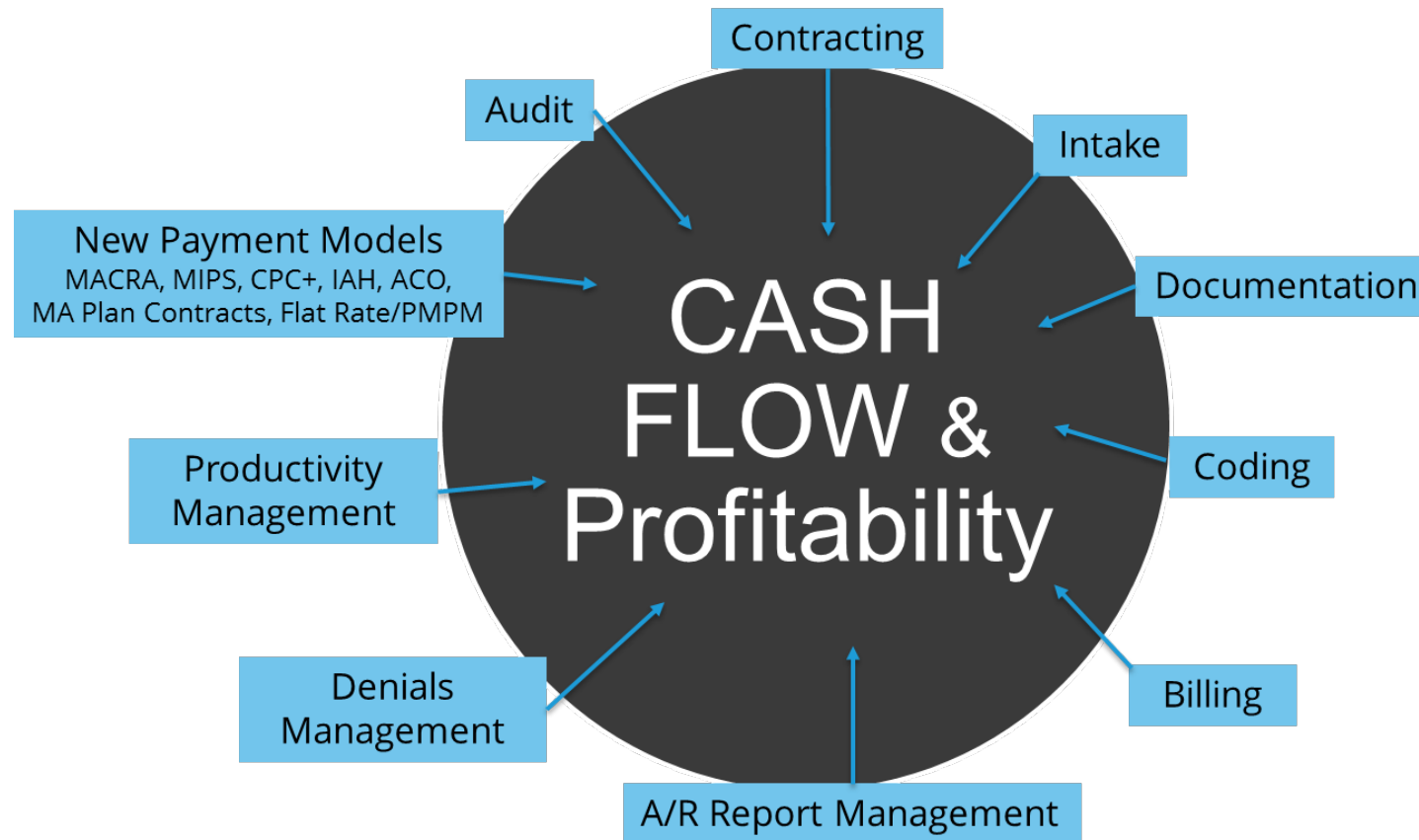


# Developing a Market Analysis

- **Unique Value Proposition**
  - To the community
  - To the health system
- **Product/Service Lines**
  - Urgent care/transitional care/longitudinal care
  - Additional service lines
- **Practice Status**
  - Profit/nonprofit
  - Donors/grants



# Core Components of HBPC Success

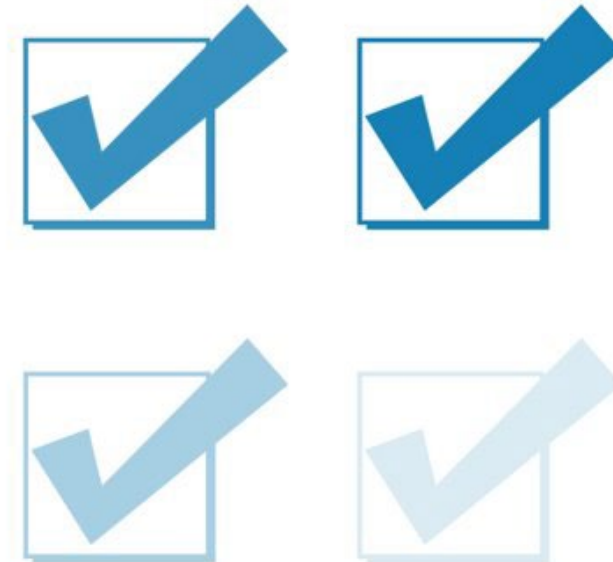


# Target Population Considerations



# Defining Initial Service Area

- **Which location(s) make most sense for initial service area?**
  - ZIP codes
  - Select facilities
- **Selection criteria?**
  - Density of eligible residents
  - Move market share
  - Impact utilization
  - Insufficient PCP availability
  - Affiliate relationship
  - Other



# Branding the Right Way

- **Know your target population**
- **Know your referral sources**
  - Other physicians
  - Your hospital/health system
  - Community-based services
- **Communication**
  - How should you best communicate?
  - What's the best way to reach the right people with your message?

# Locating Patients

- **Networking / Marketing Activities:**
  - Payor Source Referrals
  - Senior Living Communities/Facilities
  - Local Area on Aging and Senior Services
  - ER/Hospital Discharge Planners & Care Coordination Teams
  - Skilled Nursing Facilities
  - Community PCPs
  - Speaking Opportunities
  - Home Health & Hospice Agencies

# Financial Assumptions

## Revenue

- Payer mix
- Fee schedule
- Collection rate
- Services beyond the E&M Code

## Medical providers

- Visit per day
- Scope of duties
- Panel size
- Provider compensation

## Growth

- Rate new patients added
- Rate patients departing

## Expenses

- Operational including staff compensation
- Marketing/outreach
- Health system overhead/taxes

## Capital

- Needs
- Sources

# Sizing the Impact

- **Medicare Readmission penalty DRGs**
  - CHF, COPD, Pneumonia, Myocardial Infarction, CABG
- **Medicare bundles targets**
- **Medicare Spend Per Beneficiary**
- **ACO/MCO performance indicators**
- **DRG ALOS reduction**
- **ED utilizers**

# HBPC is NOT One Size Fits All

...but there are common pitfalls impacting the bottom line

- **Very thin or negative margins, due to:**
  - Poor productivity
  - Misaligned staffing
  - Rising costs (legal, marketing, rent, etc.)
- **Not staffing with the right mix of providers**
  - Are your providers working at the top of their scope?
  - Have you considered using Advanced Practice Providers?
  - Have you considered utilizing your physicians in different ways?

# Variable that Impact the Bottom Line

POSITIVE	NEGATIVE
↑ Volume: 8-10 visits per day	↓ Volume: 4-6 visits per day
Senior Communities / ALFs	Individual Homes / ↑ Driving
Lean staffing model, ↓ Costs	MD-Heavy staffing
Strong Documentation/Coding/ Billing Operation	Poor Coding/Billing
Value-Based Payments/Contracts: PMPM / Shared Savings	Reliance on FFS billing
Urgent Clinical Services to prevent ER/Hospital; 24/7 Access	Lack 24/7 Access / ↑ response time
Strong EMR documentation: HCC, Quality (HEDIS, MIPS), CPT	Poor documentation
Private Pay for Uncovered Services	Losses on Uncovered Services
Other revenue streams: Ancillaries, health system support, philanthropy	No other revenue streams

# Revenue Matters

- **Explore funding options other than fee-for-service**
  - Are you part of a health system?
  - Is there grant funding available?
  - Does your city have a division of aging?
- **Review payer contracts**
  - Are you being paid appropriately?
  - Are prior authorization requirements too burdensome?

# Maximize Reimbursement

- **Are you billing all codes available for your services?**
  - Non face-to-face services
  - Advance care planning
  - Chronic care management
  - Annual wellness visits
  - Transitional care management
- **Have you implemented an alternative payment model?**
  - MIPS
  - PMPM Contract

# HBPC Medical Providers

- **Home-based Primary Care can use different types of medical providers**
  - Physicians
  - Nurse practitioners (NP)
  - Physician assistants (PA)
- **Typically, one FTE can manage 150-250 patients**
- **Based on geography, patient acuity and residence type, each FTE should average six-to-eight home visits per day**

# Staffing Example

## HBPC Full Patient Care Team Serving 450 – 600

### One FTE physician

Some prefer to utilize two physicians

- Serve as Medical Director
- Perform in-home patient visits half time (initial intake and major follow-visits)
- Balance of work involves inpatient care, consults, NP advisory, medical directorships, teaching and research

### Two FTE APPs

- Full time in-home patient visits
- Regular follow-up and urgent care visits

### Three FTE APPs

Any combination of NPs and PAs

- Selection based on:
  - Community preferences
  - Organizational needs
  - State scope of practice
  - Availability
- NPs need a collaborating physician
- PAs need a supervising physician

# Office Staffing & Productivity

- **Provider types/team mix**
  - Physician
  - NP
  - PA
- **Scope of clinical practice**
  - Home Based Primary Care
    - Longitudinal
    - Transitional
  - Office/clinic
  - Other
- **Productivity**
- **Panel Size**

# National Visit Per Day Averages

## High-Performing Productivity Averages

- 8-10 visit average per day (10-12 if all facility)

## Providers traveling alone or rural geography

- 5-7 visits average per day

## Example target goal per week

- 45 visits per week

# Forecasting Costs

	Start-up	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Patient Census - Year End</b>						
Home	-	144	288	418	418	418
<b>Total Patient Census - Year End</b>	-	<b>144</b>	<b>288</b>	<b>418</b>	<b>418</b>	<b>418</b>
<b>Total Patient Visits</b>						
Home	-	1,241	2,990	4,911	5,313	5,313
<b>Total Patient Visits</b>	-	<b>1,241</b>	<b>2,990</b>	<b>4,911</b>	<b>5,313</b>	<b>5,313</b>
<b>Revenues</b>						
House Call Revenue	\$ -	\$ 195,129	\$ 463,421	\$ 739,411	\$ 798,920	\$ 814,899
<b>Total Revenue</b>	-	<b>195,129</b>	<b>463,421</b>	<b>739,411</b>	<b>798,920</b>	<b>814,899</b>
<b>Direct Expenses</b>						
<b>Non-Provider</b>						
Staff Salaries	6,800	40,000	41,200	42,436	43,709	45,020
Staff Benefits	2,584	15,200	15,656	16,126	16,609	17,108
Medical Drugs & Supplies	-	1,239	3,046	5,104	5,634	5,747
Billing and Collections	-	23,220	55,147	87,990	95,071	96,973
Administrative Supplies & Services	1,000	1,000	1,020	1,040	1,061	1,082
Equipment Expense	5,098	-	5,098	5,098	-	-
Travel	-	7,475	15,249	23,331	23,798	24,274
<b>Total Non-Provider Expenses</b>	<b>15,482</b>	<b>88,135</b>	<b>136,416</b>	<b>181,125</b>	<b>185,883</b>	<b>190,204</b>
<b>Provider Expenses</b>						
Physician Salaries	28,050	165,000	339,900	350,097	360,600	371,418
APP Salaries	-	-	-	100,786	103,809	106,923
Benefits	10,659	62,700	129,162	171,335	176,475	181,770
Malpractice Insurance	5,631	33,788	67,576	67,576	67,576	67,576
<b>Total Provider Expenses</b>	<b>44,340</b>	<b>261,488</b>	<b>536,638</b>	<b>689,794</b>	<b>708,460</b>	<b>727,687</b>
<b>Total Direct Expenses</b>	<b>59,822</b>	<b>349,623</b>	<b>673,054</b>	<b>870,919</b>	<b>894,343</b>	<b>917,890</b>
<b>Contribution Margin</b>	<b>(59,822)</b>	<b>(154,494)</b>	<b>(209,633)</b>	<b>(131,508)</b>	<b>(95,423)</b>	<b>(102,992)</b>
<b>Indirect Expenses</b>						
Dean Tax	-	21,464	50,976	81,335	87,881	89,639
<b>Total Indirect Expenses</b>	-	<b>21,464</b>	<b>50,976</b>	<b>81,335</b>	<b>87,881</b>	<b>89,639</b>
<b>Net Income/(Loss)</b>	<b>\$ (59,822)</b>	<b>\$ (175,958)</b>	<b>\$ (260,609)</b>	<b>\$ (212,843)</b>	<b>\$ (183,304)</b>	<b>\$ (192,631)</b>
<b>Net (Loss) Per Visit</b>		<b>\$ (141.73)</b>	<b>\$ (87.16)</b>	<b>\$ (43.34)</b>	<b>\$ (34.50)</b>	<b>\$ (36.26)</b>

A group of five healthcare professionals, including doctors and nurses, are gathered around a table in a meeting. They are looking at a laptop and a tablet, appearing to be in a collaborative discussion. The image is overlaid with a semi-transparent blue filter.

**Questions?**