



1900 East Golf Road, Suite 950  
Schaumburg, IL 60173

P 630.283.9200

HCCInstitute.org

## MEMORANDUM

<b>TO:</b>	Dr. Waris – Arifa Senior Medicine
<b>FROM:</b>	Wendy Kraszewski, MBA, LCSW – HCCI Advisor
<b>DATE:</b>	May 2026
<b>RE:</b>	HBPC Financial Proforma Audit & Strategic Refinement Recommendations

Dr. Waris,

Thank you for sharing your updated financial proforma. As a physician building this new home-based practice, you have done strong work developing a detailed monthly model. The granularity, inclusion of subscription services, psych integration, longitudinal care, and prudent reserve planning all demonstrate thoughtful planning. This is an excellent starting point.

I have reviewed the proforma in detail. Below is a summary of several strengths identified, along with operational and financial refinement opportunities that may further strengthen long-term planning, forecasting, and overall model defensibility.

### Overall Assessment

The proforma reflects a strong physician-led foundation with thoughtful incorporation of longitudinal home-based primary care, psych integration, subscription concepts, and reserve planning. The structure and directional assumptions are reasonable for an early-stage HBPC startup. Several operational, reimbursement, staffing, and cash-flow assumptions may benefit from additional refinement to further strengthen realism and long-term forecasting utility.

### Accrual Accounting & Cash Flow Observations

The proforma appears to generally follow an accrual-oriented accounting framework, which remains standard across most physician practice environments. Accrual accounting records revenue when services are earned rather than when payment is received. While operationally appropriate, early-stage physician practices commonly experience temporary cash-flow timing pressure during startup due to Medicare and Medicare Advantage reimbursement cycles.

**Recommendation:** Consider incorporating Days Sales Outstanding (DSO), accounts receivable aging assumptions, and collection lag timing to better align projected operational performance with anticipated cash-flow realities.

## Revenue Assumption Review

The core HBPC visit, psych, longitudinal, and subscription assumptions appear directionally appropriate. However, several common HBPC revenue opportunities may not yet be fully incorporated including:

- Chronic Care Management (CCM)
- Complex CCM
- Transitional Care Management (TCM)
- Advance Care Planning (ACP)
- Annual Wellness Visits (AWV)
- Remote Patient Monitoring (RPM)
- Explicit payer mix assumptions, contractual adjustments, and bad debt reserve considerations

Given the meaningful Medicare Advantage presence across portions of the Sacramento and Placer County markets, inclusion of these assumptions may improve overall operational realism and future forecasting accuracy.

## Patient Growth & Panel Assumptions

The projected patient growth ramp may ultimately vary based on referral development, payer credentialing timing, geographic density, and operational onboarding capacity during the initial launch phase. A phased census ramp approach may further strengthen early-stage operational realism.

## Operating Expense Review

Several operational infrastructure categories may benefit from further expansion or refinement within future forecasting iterations, including but not limited to:

- Revenue Cycle Management (RCM)
- Enhanced EHR/EMR and mobile documentation infrastructure
- IT and cybersecurity support
- California interoperability and health information exchange considerations
- Malpractice and professional liability coverage
- Administrative, scheduling, and credentialing support
- Field-based operational infrastructure and mobile workforce support costs
- Provider onboarding, training, and workforce-related expenses
- Population health, reporting, and care management support infrastructure
- Additional scaling-related operational expenses commonly associated with home-based primary care delivery models

## Balance Sheet Review

The balance sheet currently functions primarily as an early foundational framework. Additional integration of cash roll-forward assumptions, accounts receivable, fixed assets, depreciation, and accumulated operating losses may strengthen overall financial visibility as the model evolves.

## Headcount & Staffing Review

The current staffing assumptions remain appropriately founder-centric for an early-stage model. As operational planning continues to evolve, future incorporation of support functions such as Medical Assistant support, care coordination, scheduling, referral management, credentialing, and billing infrastructure may further strengthen operational planning realism.

## Formula & Structural Validation

Several areas may benefit from additional formula validation and linkage review as the model continues to evolve, particularly across future-year forecasting periods and monthly-to-annual summary integrations.

## Break-Even & Readiness Considerations

The proforma generally reflects progression toward eventual positive operational cash flow as panel maturity and longitudinal enrollment increase. Actual timing will likely depend on referral growth, credentialing efficiency, route density optimization, layered reimbursement capture, and operational execution.

Early-stage HBPC practices commonly experience operational and financial pressure during startup due to onboarding timelines, lower initial route density, and census ramp timing. Financial performance often improves over time as patient density, longitudinal enrollment, and operational efficiencies mature.

## Recommended Next Steps:

- Validate future-year formulas, assumptions, and linkage consistency across monthly and annual forecasting periods
- Expand reimbursement assumptions and standard payer adjustment methodologies, including consideration of layered longitudinal care management opportunities
- Further refine payer mix, collection lag, contractual adjustment, and cash-flow timing assumptions to strengthen operational forecasting realism
- Incorporate additional operational infrastructure and scaling-related expense categories commonly associated with home-based primary care delivery models
- Continue refinement of staffing, operational ramp, workforce support, and administrative infrastructure assumptions as projected patient volumes evolve
- Further develop foundational balance sheet logic, accounts receivable assumptions, depreciation methodology, and cash roll-forward modeling considerations
- Consider phased implementation planning, operational readiness sequencing, and sensitivity scenario modeling to support long-term strategic planning efforts
- Continue evaluating workflow standardization, care coordination infrastructure, referral development pathways, and operational scalability considerations as the practice matures
- Assess future opportunities for value-based care alignment, longitudinal patient engagement strategies, and operational optimization initiatives as the model evolves

## Final Thoughts

Dr. Waris, you have established a strong operational foundation. These refinements are common within early-stage HBPC financial planning and would further strengthen the proforma's utility for strategic planning, operational forecasting, and future scalability discussions.

I look forward to continuing to support refinement of the model as planning progresses.

Best regards,

*Wendy Kraszewski*

Wendy Kraszewski, MBA, LCSW  
HCCI Advisor

## References & Supporting Sources

- Centers for Medicare & Medicaid Services (CMS). CY 2026 Medicare Physician Fee Schedule (PFS) Final Rule and associated reimbursement guidance.
- CMS Chronic Care Management (CCM), Transitional Care Management (TCM), Advance Care Planning (ACP), and longitudinal care management guidance.
- Medical Group Management Association (MGMA) physician practice benchmarking methodologies and operational cost benchmarking references.
- Confer Analytics Premium Market Analysis – Arifa Senior Medicine (May 2026).
- Home Centered Care Institute (HCCI) HBPC operational planning methodologies and startup planning frameworks.

## Disclaimer

This memorandum is intended solely for strategic planning and operational advisory purposes and does not constitute legal, accounting, valuation, or formal reimbursement advice. Financial assumptions, reimbursement timing, operational costs, staffing requirements, and payer performance may vary materially based on geography, contracts, execution, and regulatory changes.