

Strategic Business Plan Proposal to Expand Holistic Healthcare Services

Strategic business plan to provide enhanced services to increase patient volume and cash flow.

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Project Summary:

This business proposal is for expansion of holistic healthcare services at CDWC, which is a privately owned and independently operated primary care physician (PCP) practice. The plan is to expand medical services and therapies to make them available to combat veterans and first responders to address post-traumatic stress disorder (PTSD), anxiety, and chronic pain.

Expanding these services will fill a void in traditional medicine and will provide early intervention and treatment of trauma and physical conditions in patients. The positive outcomes can be tracked in direct numbers in the communities where these patients live and work. These treatments and interventions will result in reduction of current and future opioid and other substance abuse.

The plan will focus on expanding medical services to increase patient volume and cash flow while simultaneously treating and addressing the root cause of the suicide and opioid epidemic in combat veterans and first responders. The new services will include flotation therapy and infrared therapy. These services will also complement the treatment plan and philosophy of CDWC, which treats the whole patient.

This plan is going to be a cash-based service. Currently, there is no reimbursement available by third-party payers for these services. CDWC will continue to try to negotiate directly with insurance companies and employers to provide coverage for such services in the future as this treatment plan becomes more widely accepted in mainstream healthcare. These expanded medical services will benefit all of those who serve and protect while allowing for an increase in cash payment of services.

Executive Summary

- a. **The Company** – The focus of this business plan proposal is to expand holistic healthcare services in an existing primary care practice. CDWC will provide these medical services to address and treat the root cause of the suicide and opioid epidemic in combat veterans and first responders. This medical practice is unique because it focuses on treating the whole person and the underlying causes of their physical and/or mental condition. CDWC currently has six thousand patients who are served by one medical doctor, one physician assistant, and one certified family nurse practitioner. These expanded medical services will be located within the primary care physician’s existing office suite.
- b. **Market Opportunity** – At this time in U.S. history, there is a large population of underserved combat veterans and first responders in the fire service, police service, and emergency medical services. Many of these first responders are also combat veterans and have a high need and demand for access to the medical treatments that will be made available through this expansion. According to the U.S. Department of Health and Human Services National Institutes of Health, in 2017, thirteen new research studies were performed to address chronic pain and opioid use. “Estimates of chronic pain (more than three months) in the general public were 26% as compared to 44% in U.S. military after combat deployment. Opioid use (during the past month) was estimated at 4% in the general public and 15% in U.S. military after combat deployment. These rates show an unmet need for managing chronic pain with nondrug approaches among U.S. military personnel and veterans.” (Jones and Schoemaker, 2014) “The constant exposure to devastation, life-threatening situations, and physical strain of working long hours under stressful conditions can negatively impact overall mental health. Consequently, there is a tragically close relationship between addiction and emergency responders.” (Hilliard, 2019). “Suicide rates have jumped substantially among young military veterans, according to new data from the US Department of Veterans Affairs. Veterans aged 18 to 34 have higher rates of suicide than any other age group, the VA says in its National Suicide Data Report.... This isn’t just alarming. It’s a national emergency that requires immediate action. We’ve spent the last decade trying to improve the transitioning process for our veterans, but we’re clearly failing, and people are dying,” said Joe Chenelly, the executive director of the national veterans group Amvets. (Durkin, 2018). “A white paper commissioned by the Foundation has revealed that first responders (policemen and firefighters) are more likely to die by suicide than in the line of duty. In 2017, there were at least 103 firefighter suicides and 140 police officer suicides. In contrast, 93 firefighters

and 129 police officers died in the line of duty. Suicide is a result of mental illness, including depression and PTSD, which stems from constant exposure to death and destruction.” (Ruderman Family Foundation, n.d.) All of the scenarios outlined above demonstrate that combat veterans and first responders are in great need of the services and care that is and will be offered by CDWC.

- c. **Capital Requirements** – The primary care physician/owner will obtain a commercial loan in the amount of \$85,000. This loan will cover the cost of renovations and modifications to the existing office suite to accommodate two additional patient treatment rooms. One treatment room will contain a float pod and full private bath/shower with open shelving for patients to put their clothes and belongings while they are floating. A second, smaller treatment room will contain the infrared sauna. Both treatment rooms will require two patient waiting-room chairs, one task chair for employee use, a garbage can for paper trash, and a hamper to hold soiled towels. The rooms will have built-in counter workspace for the physician/clinical staff to use. Complementary shelving will be installed to hold clean/dry towels and any other general cleaning supplies that may be needed. Artwork will be purchased for the walls. Any supplies needed to maintain the equipment in these rooms will be stored in a locked cabinet that will not be accessible to the general public. One full-time employee equivalent (FTE) will need to be hired to greet and assist patients as they come in for their treatments. The treatments usually last between thirty minutes and one hour and are staggered throughout the day. During the ramp-up period, this employee will be cross-trained to assist in other areas of patient care. The cost of the float pod and infrared sauna, including any tax and delivery fee, is \$28,000. The build-out costs are estimated at \$50,000, which also includes any plumbing and electrical work that will be needed. Furniture, equipment, and supplies are estimated at \$2,450. Artwork is estimated to cost \$600.
- d. **Mission Statement** – The mission of CDWC is to treat the whole person. The target population of these new medical services is combat veterans and first responders. In many other medical settings, patients are treated by the symptoms that they present with rather than treating and addressing the root cause of the problem. For example, a patient might present with chronic or acute back pain and in many cases would be prescribed hydrocodone. Use of hydrocodone may help the patient temporarily but may also become the gateway to narcotic dependence. CDWC does not prescribe narcotics as a normal course of treatment. The clinicians at CDWC strive to educate patients, family members, and/or caregivers on alternative treatments available for pain and anxiety disorder. Use of

these alternative treatments, including flotation therapy and infrared sauna treatment, will ultimately result in reduced numbers of opioid addiction, suicide, and family trauma.

Lack of sleep or being in a crisis type of situation for extended periods of time can pose many dangers to those who serve and protect, as their ability to judge a situation objectively can become compromised. The unfortunate effects of an inability to find relief from stress and/or physical pain are opioid dependence and other substance abuse, which often results in suicide. Suicide and substance abuse have become prevalent, especially among combat veterans and first responders who have been unable to access appropriate and timely healthcare.

- e. **Management** – The existing management of CDWC will oversee and manage the day-to-day operations of the new medical services. Since there is no health insurance coverage available at this time, the services are payable on a cash basis at the time of visit. Payment at the time of visit eliminates the need for billing patients and/or insurance. The physician, physician assistant, and nurse practitioner will all treat the target population and be involved in creating an individualized treatment plan for each patient. The treatment plans will be based on need and ability to pay. The practice manager will be responsible for discussing the costs of the treatment plan and assisting patients with applying for Care Credit when needed. The practice already offers Care Credit as a payment/finance option. Care Credit is a short-term financing option through a third-party vendor, which allows patients to pay for their medical costs over time. Patients can also pay by check, cash, or credit card. The practice manager will be responsible for setting up schedules for the use of the equipment in the practice management system. The practice manager will also be responsible for marketing and outreach as well as the oversight of the clinical and clerical staff involved in the scheduling and use/maintenance of the equipment.
- f. **Competitors** – Direct competitors are any other holistic healthcare practices that may offer float therapy and/or infrared sauna treatments. There are no facilities offering both within a twenty-mile radius. Indirect competitors are commercial spas in the area that offer infrared therapy and/or float services. There is one indirect competitor that is located within ten miles of CDWC.
- g. **Competitive Advantages** – The primary advantage of obtaining these services at CDWC rather than at a commercial spa is that the treatments at this facility are part of a medical treatment plan with oversight and monitoring by a medical doctor. The proposed expanded services will provide a low-key, low-volume alternative to a commercial spa

type of facility. Combat veterans and first responders suffering from anxiety and PTSD often struggle with being in large crowds and high traffic areas. Patients will benefit from the PCP office being able to coordinate specialist care and treatments outside of the practice when needed. Another advantage in the future, as this treatment plan becomes more widely accepted, is that physician offices will be able to bill insurance for covered services, whereas a commercial spa would continue to be cash only.

- h. **Financial Projections** – Float pod and infrared sauna services are expected to generate revenues of \$23,400 after the first six months in use. The cost of start-up supplies, repairs and maintenance, and electrical use are expected to be \$1,093 during the first year. These estimated revenues are based on having three floats or infrared sauna sessions per day, five days a week, during the second half of the first year. The cost of each of these services is \$1 per minute, or \$60 per hour.

During year number two, it is expected that there would be at least four floats or infrared sauna sessions per day, five days per week, generating revenues of \$62,400. Based on these estimates, the cost for repairs and maintenance during year number two would be doubled. The cost to the practice would be \$2,186. During the third year, it is anticipated that revenues of \$85,500 will be generated. This estimate reflects a use of five-and-a-half floats or infrared sauna sessions per day, five days per week. Based on these numbers, repairs and maintenance would cost \$3,279. Total anticipated revenues less repairs and maintenance over the three-year period for the float pod and/or infrared services are expected to be \$171,600. At the end of year three, break-even is expected with a profit of at least \$14,775.

Supplies for the float pod include salt, hydrogen peroxide, natural enzymes, filters, and test strips. The float pod itself holds less than 200 gallons and is kept at 180 gallons on average. Water only needs to be added after each float to bring the level up to at least 180 gallons. The water is not drained out after each float. The water is only drained completely if it becomes contaminated or during annual maintenance. Because the filter is only run for thirty minutes in between floats to sanitize the water, costs for electricity are very low. The infrared sauna is the least expensive piece of equipment and has the highest rate of return on investment. The cost of the infrared sauna is \$2,000. There are no chemicals required. The infrared sauna booth must be wiped down after each use with antimicrobial microfiber cloth. These cloths are machine washable and are not disposable. Infrared bulbs may need to be replaced over time, but this would be highly unusual, especially during the first year.

Part 1: The Organizational Plan

1. Summary Description of the Business – CDWC is a well-established primary care practice. This business proposal is to expand holistic healthcare services that are being offered at CDWC to include flotation therapy and infrared therapy. The expansion is intended to provide alternative therapies to treat symptoms of PTSD, anxiety, and chronic pain, which are prevalent in combat veteran and first responder populations. These patient populations are currently underserved throughout the country. The new business is complementary to those services already being offered/rendered at CDWC. The change in staffing will be minimal, and one FTE support staff will be added to supplement the existing staff with the expected increase in patient volume.

a. Mission – The mission of CDWC is to use diet, exercise, environment, and other alternatives to pharmaceuticals to treat and/or address the underlying cause of addiction and suicide in combat veterans and first responders. By educating the patient, their family, and/or patient caregivers, CDWC has already significantly impacted the local community by reducing incidents of use/overuse of opioids. These alternatives are also helpful in building relationships and stabilizing the family unit. Breakdown of the family unit can also be a catalyst for suicide.

The long-term goal for CDWC is to demonstrate, by numbers tracked in positive outcomes, a decrease in opioid use/abuse as well as a decrease in suicide among combat veterans and first responders as a direct result of education and alternative treatment options.

b. Business Model – The medical doctor who oversees and directs the practice also specializes in infectious disease. She is very open-minded to new treatment options and also very familiar with and passionate about the use of herbal remedies and treatments that have been successfully used for thousands of years. The physician assistant has worked in the practice since its inception and has experience in emergency medicine. The newest addition to the practice is the certified family nurse practitioner, who has lived and worked in the community for over thirty years.

c. SWOT Analysis – Strengths, Weaknesses, Opportunities, and Threats

Strengths:

- CDWC has an experienced core staff of certified medical assistants.
- Most PCPs in this geographical area have been previously employed by large hospital-owned groups, which are subject to burdening, bureaucratic approval and red tape. Working for an independent, private medical practice allows for more flexibility and efficiency of patient care.

- Extended evening hours and weekend hours make it possible for patients to access care around their work schedules and family obligations.
- There is currently a shortage of primary care physicians in this area, which has been exacerbated by many physicians choosing retirement or relocation over being employed by a large corporation.

Weaknesses:

- Although patients of other PCP practices may benefit from alternative treatments being offered, physicians may be pressured from referring outside of their organization to unaffiliated practices.
- CDWC does not participate with all insurance, and therefore patients may be forced to use an in-network provider.
- Some patients may be skeptical of the new services as they are not familiar with them.
- Paying cash out of pocket for the new services may be a deterrent for some patients as many are already struggling with high out-of-pocket costs.
- Not knowing how many patients may present for treatment of PTSD, anxiety, or pain during any given day is a challenge as some days may be busier than others. It would be preferable to be able to accommodate a patient in need rather than to have to turn a patient away due to the equipment already being fully booked.

Opportunities:

- Opportunities exist in expanding insurance coverage for these new services as CDWC is able to demonstrate positive outcomes, therefore reducing costs of hospitalizations and missed work or reduced productivity due to chronic pain or anxiety issues. Also, as patients and their families change their eating/exercise habits, along with the use of alternative therapies, they may ultimately change the course of their genetic legacy and break the cycle of illness.
- Opportunities for growth exist with the addition of these ancillary services because the actual treatments require very little face-to-face time with the patient.
- Opportunities exist to grow the entire patient base as new patients are attracted to the services being offered. As patients share positive feedback with co-workers, family, and friends in the existing support networks of the military and first responder communities, new patients will be driven to the practice.
- Opportunities exist to expand into other holistic services such as halotherapy to treat

breathing problems like asthma, allergies, bronchitis, and chronic obstructive pulmonary disease (COPD), which are health issues common in combat veterans and first responders due to exposure. “Halotherapy is a form of alternative medicine which makes use of salt. Numerous forms of halotherapy have been known of and used for millennia. ... Methodological limitations call into question studies that showed improvement in symptoms of chronic obstructive pulmonary disease following halotherapy.” (Wikipedia)

Threats:

- Increased acceptance and growth in the industry itself may cause saturation of similar services in this geographical area where CDWC will have to compete for patients.
- Having a significant increase in patient volume in a very short period of time will cause problems for the practice. If the practice is not able to schedule patients promptly, patients may seek treatment elsewhere.
- Too much growth in a short period of time will not allow for planned increase in staff and providers and will be problematic. The onboarding process for new medical providers is very complicated and time consuming.
- Too little growth in patient volume will cause a financial strain to the practice as it would still need to pay for the build-out and equipment that is purchased.

d. Strategy – The business strategy is to have existing patients of the practice who are combat veterans and first responders begin to use the new holistic services. These patients will see and feel the positive results of treatments and go back to their friends, family, co-workers, and others that they interact with and share the positive results and success. This word of mouth will generate more interest and attract new patients to the practice. The strategy to address the weakness of high out-of-pocket cost will be to contract with insurance to provide services at a negotiated rate, resulting in lower out-of-pocket costs to the patient. As these treatments/treatment plans provide supporting documentation of positive outcomes, it will be easier to negotiate a higher rate of reimbursement with third-party payers.

The strategy to address the threat of saturation of services in this geographical area will be to capitalize on “one-stop shopping.” Patients will be able to receive routine medical care as well as the new service in a location where they already have a level of comfort, trust, and privacy rather than receiving treatments in a public location with no medical oversight. For those patients who may be skeptical, offering the first treatment at no charge will demonstrate to the patient the immediate relief that they will receive in a “try-before-you-buy” scenario. Once the patient has felt the positive results, they will want to schedule future treatments and will already understand the value of what they are paying for out of their pocket. Should there be too much

increase in patient volume in a short period of time, the practice will have to consider its current and future needs. The practice will also need to consider the ability of the existing physical building to accommodate the increased patient load, as well as the ability to accommodate additional medical providers and support staff versus adding a satellite location to accommodate the overflow.

e. Strategic Relationships – Medical providers at CDWC refer their patients out to many specialist offices/practices with whom they can network and make known the new services that will be available locally.

The physician/owner already produces a local cable television show that addresses issues related to the opioid crisis. This program has been a great tool in educating the public in the use of alternative therapies, including, but not limited to, medical marijuana for different illnesses and conditions. She has also been working with a well-known chef and his business partner to educate the public and any interested patients to the health benefits of cooking with cannabidiol (CBD) products to assist those who are struggling with cancer/cancer treatments, pain, multiple sclerosis, anxiety, addiction, and other health conditions. Use of CBD products has ultimately been shown to drastically improve the quality of life of the affected patient and their families. This tool allows patients and their families to participate in these conversations/forums anonymously, and in their own homes, at their leisure. New topics for this television show will include the new modalities of treatment for PTSD, anxiety, and pain, which will be offered through the expansion of these new services.

The practice manager is very involved in the local community. She is a volunteer member of the local fire department and is very passionate about helping first responders. She will be instrumental in community outreach to fire departments and emergency medical services (EMS) in neighboring towns to make them aware of the new services that will be available. She will also advocate on a state and federal level by reaching out to the state representatives and members of Congress who represent the district that she lives and works in. These representatives are already staunch supporters of the military and first responder demographic.

f. Key Stakeholders/Key Decision Makers – The physician/owner, physician assistant, certified family nurse practitioner, and practice manager are the only key decision makers in this private medical practice. Because all of the key stakeholders are like minded and invested in the continued success of CDWC, there is incentive to work together to grow the practice.

2. Services – All patients must first be medically evaluated to determine the appropriate plan of treatment based on their diagnosis. Existing patients who have been recently evaluated will be able to schedule appointments to use the new services right away. New patients who are

interested in receiving care and treatment for PTSD, anxiety, and chronic pain will need to first establish themselves with one of the three medical providers within the practice.

The following is an explanation of the use and benefits of a float pod. One walks into the water and lays down face up. The water is shallow and warm and is so full of salt that one is unable to sink. Therefore, it is possible to truly relax as it requires no strength or ability to swim in order to stay afloat. Benefits of flotation therapy include relief from anxiety and depression, improved sleep, lower stress/blood pressure, improved chronic fatigue symptoms, enhanced athletic performance, pain relief, addiction relief, reduced inflammation, and increased cognitive function. Float therapy services are scheduled in one-hour or one-and-a-half-hour increments. The use of the float pod requires that the patient shower thoroughly and wash and clean their hair prior to floating.

The cost of the float pod and equipment is \$26,000. Seven hours of float time requires two hours of downtime. In order to allow enough time for cleaning/bathing in between floats, a maximum of seven floats per day can be booked. Float sessions are not currently covered by insurance. However, float packages will be offered for sale so that multiple floats can be purchased at a discounted rate when purchased in advance.

Infrared sauna therapy services are performed while sitting in an infrared sauna booth and are usually scheduled for thirty-to-sixty-minute sessions. The benefits of infrared sauna therapy are relaxation, weight loss, detoxification, relief of joint pain and sore muscles, better sleep, clear/tight skin, improved circulation, and increased metabolism. It should also be noted that the infrared sauna warms the body and not the air around the patient. This enables patients who are sensitive to heat and not able to tolerate the use of a traditional sauna to use the infrared sauna. Showering is not required prior to use of the sauna; however, it is recommended that the patient does not have lotions or makeup applied prior to their treatment. The cost of the infrared sauna booth is \$2,000. Because of the size of the booth, a practice can easily accommodate more than one infrared sauna in a small area. There is not a lot of downtime needed in between sauna treatments, so optimal increments in scheduling would be forty-five-minute time slots and allowing fifteen minutes in between patients.

3. Administrative Plan – New holistic healthcare treatment options to be provided at CDWC are simple in the fact that they require very little face-to-face time with the patient. The staff needs to be available to assist the patient. However, once the patient begins their treatment, in most cases there is little need for interaction until the treatment is complete. The medical assistant will room the patient, document any health-related information that is required prior to treatment, and assist the patient in starting the treatment. After the treatment is complete, the medical assistant will

take and post any payment that is due and schedule follow-up appointments. After each session, the treatment areas and equipment will be properly cleaned and prepared for the next patient. The medical assistant will be responsible for maintaining appropriate levels of office supplies, cleaning supplies, clean towels, and any other supplies that may be needed to clean and/or maintain the equipment in the new treatment rooms. All job duties and responsibilities of the attendant will be included in their detailed job description.

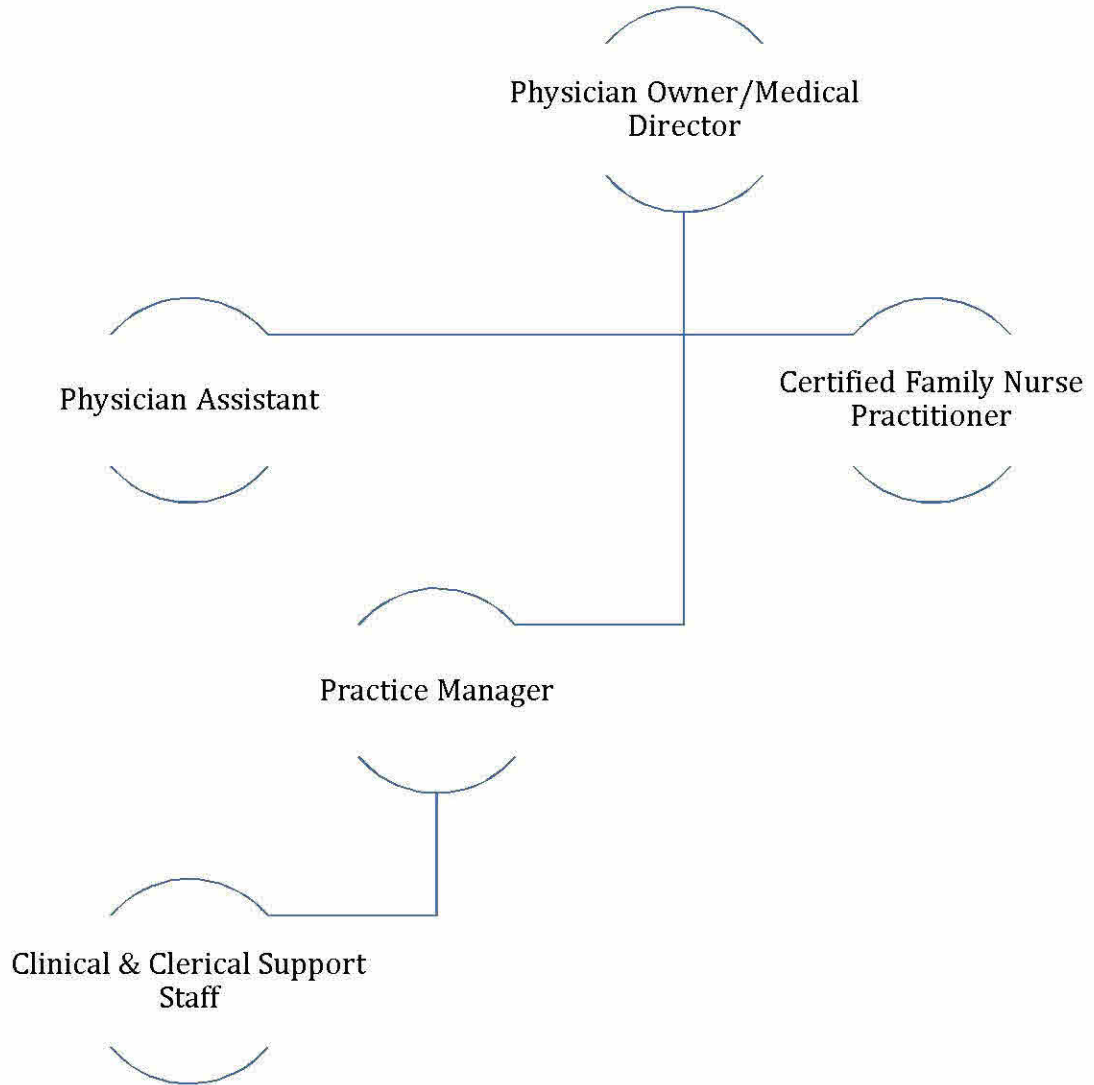
a. Responsibilities – The regulatory and accreditation body that the primary care physician is governed by for medical services is the American Board of Family Medicine. All of the medical providers in the office are licensed to practice medicine by the Department of Public Health in the State of Connecticut.

The physician/owner of CDWC will provide general management and supervision of the medical practice and the employees who are tasked with providing direct patient care and assistance. The physician/owner will also provide oversight and supervision to ensure that safety measures are followed by all of the employees at the wellness center. Particular attention must be paid to infection control and any other regulatory requirements related to the care and treatment of the patients as well as the safety and well-being of the staff.

The practice manager will be responsible for setting up schedules, overseeing clinical and clerical staff involved in the use of equipment, and day-to-day operations. The practice manager will also be responsible for advertising and outreach to the target patient population as well as assisting patients with financial counseling, when needed, in regards to the cost of their treatment plan. The receptionist/cashier will work directly with the practice manager to make sure that payment is received at the time of the visit for services rendered. The clinical support staff will assist the patient directly and will also be responsible for the proper cleaning and maintenance of the equipment after each use as well as maintaining proper levels of supplies.

As the patient load increases, there may be a need to add additional support staff, which will be at the discretion and direction of the physician/owner and medical practice manager.

b. Organizational Chart



4. Operational Plan –

a. Project Timeline	Month 1	Month 2	Month 3	Month 4	Month 5
Project Approval					
Obtain financing for renovations and purchase of equipment.					
Obtain any permits that are required for renovation and/or installation of equipment.					
Capital Improvements					
Renovate existing storage space; accommodate two new treatment rooms. Work to be done on weekends as to not disrupt patient care.					
Paint/install new plumbing and flooring and have new equipment ordered and installed.					
Hang artwork.					
Marketing Plan					
Create new logo. Promote mission and brand recognition. Update website, appointment cards, and letterhead. Update all marketing materials.					
Create/purchase brochures to promote new services. Update website with new services. Reach out to Chamber of Commerce to schedule ribbon-cutting ceremony.					
Create print ads for use on social media, newspaper, and other means of advertising.					
Reach out to local fire/police/EMS and VFWs and drop off brochures.					
Train/Educate Staff					
Train existing staff on use of equipment. Have interested employees try services so that they will know what the patient should expect and experience. Address any functionality problems that arise in the use of new equipment and workspace.					
Hire/train new employee to cross-cover other positions so that they can assist others during downtime/ramp up.					
Schedule Patients					
Create schedules in practice management system. Train staff on proper time increments to allow for maximized use of space and equipment.					
Ribbon Cutting					

Promote ribbon-cutting ceremony through the Chamber of Commerce, Facebook, Twitter, local newspapers, radio stations, business/condo associations. Hang posters at local fire/EMS/police stations, VFWs, and community centers.					
Use Equipment to Treat Patients					

b. Potential Operational Roadblocks and Resolutions – The timeline above shows the order of events that must take place in order to successfully open/expand the holistic healthcare services at CDWC. Because this is a one-owner, privately owned practice, the process will only be complicated by external contractors, and any other unknown hurdles that might reveal themselves during the renovation process and/or delivery and installation of the float pod and infrared sauna.

A major potential roadblock might occur when the contractor begins demolition of existing walls. There is a possibility that issues may be found with the plumbing and electrical within the walls as the building is over twenty years old. Any issues that are discovered during this process will need to be addressed and remedied and could possibly add additional expenses to the project. The renovations must be completed prior to delivery of the new equipment. Because the renovations are all taking place inside of the structure, weather will not be a factor in this process. The renovation work is taking place on the weekends so as to not adversely impact the productivity and regular operations of the medical practice.

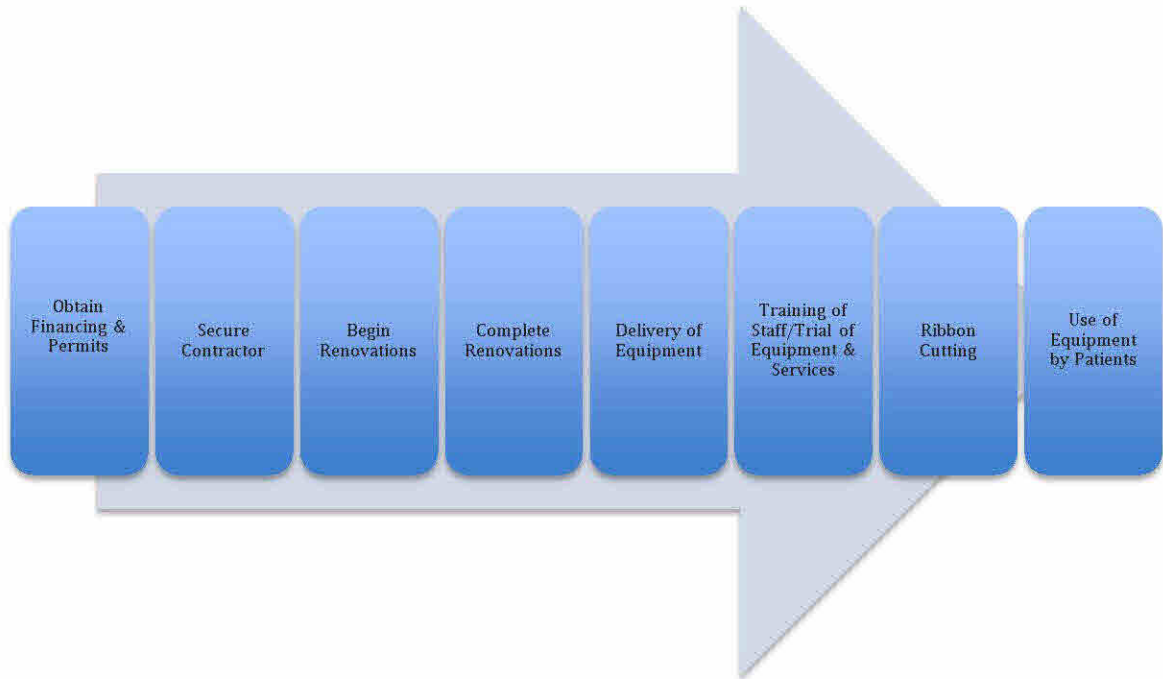
The float pod and infrared sauna will need to be ordered in advance to allow for shipping by tractor-trailer truck from the factory. Another challenge in particular, due to the size and shape of the float pod, will be to unload it and carry it into the building without damaging the doorways, walls, floors, and/or the float pod itself. All equipment that is being purchased will require a representative to come to the facility to ensure that the equipment is set up and installed properly and to also train the staff on its use and maintenance.

Because the delivery of the equipment is by tractor-trailer, there are many things that could cause a delay, such as traffic or weather/natural disaster, which no one could control or anticipate. Should there be a delay in the delivery and installation, the grand opening/ribbon-cutting ceremony would have to be pushed further out.

Once it is clear that the project is on time and on-schedule patients can be scheduled for treatments in advance of the opening. Monies being collected at the time of the visit will help generate a positive cash flow. Patients who find relief with their new treatments would then go

out into the community and begin to share their experience by word of mouth and social media, which will also help to ramp up and keep the schedules full going forward.

Key Milestones –



Part II: The Marketing Plan

1. Overview and Goals of the Marketing Strategy – Because CDWC is already well known and established in the community, there are already existing and established social media accounts and networking opportunities in place to promote the new services that will be offered as well as the health benefits of these services. CDWC already has significant brand recognition in the local community as a medical provider focused on patient wellness.

2. Market Analysis

a. The Company – CDWC is a well-established and well-respected primary care practice in the community. The practice has many business associates to whom it currently refers its patients out for specialist care and testing. This network of business associates will allow for ease of communication in regard to the new treatments being offered and the benefits that will be available to the existing mutual patients and any new potential patients that may be referred to CDWC by the specialist practices.

b. Market Opportunity – At this time in U.S. history, there are very large numbers of veterans who have served not only in Vietnam but also in the Middle East during the past thirty years, most of whom are over the age of fifty. There are very large numbers of career firefighters, emergency medical technicians (EMTs), and police throughout the nation. These first responders are most highly concentrated in urban areas that surround CDWC and will feed the practice new patients. Most first responders, like combat veterans, have been subjected to trauma and chronic stress due to the nature of their jobs.

c. Market Competition – The market competition is basically any stand-alone day spa or salon that has a float pod and/or infrared sauna. Currently, there are very few of these salons/spas within a fifty-mile radius that offer both of these services. There are currently no known primary care physician offices offering these services in-house to their patients in this geographical area. Since these services traditionally have been used to help spa customers relax and/or improve their skin tone/condition, the clients that would be using the spa would be different from the patient pool that CDWC would be catering to. CDWC will be using the float therapy and infrared sauna treatments as part of their whole mind and body wellness plan. The basis for the new treatments at CDWC is to improve the health and ultimately the quality of life of the patient and their immediate family. CDWC will also be able to track the health benefits reaped by its patients and demonstrate its success in treating PTSD, anxiety, and chronic pain. As these treatments become more widely accepted and eventually paid for as a covered service under most health insurance plans, healthcare providers will have a definite advantage as they will be able to submit to insurance for payment whereas salon/spa owners will not.

d. Capital Requirements – CDWC will pay for the renovations of the office suite and the purchase of the float pod, infrared sauna, and any other furniture and equipment that will be needed through a commercial bank loan in the amount of \$85,000. The practice will also make available \$50,000 during the ramp-up period to cover any shortage in operating expenses related to the new services.

3. Marketing Strategy – CDWC already has a very large patient base. The marketing strategy is to start with existing patients and their families and then expand out into the local business community, municipalities, public safety personnel, and military. The budget for marketing has been set at \$15,000 for the first year. New patient brochures will be created for the practice to include and promote the new services being offered. The cost of the tri-fold brochures is for printing only, as the current office staff is able to create the updated brochures through an online application, and the cost to print and ship is estimated to be \$1 per brochure. An amount of \$5,000 has been allocated to printing costs. There will be a one-time cost of \$1,000 to update the website content to include static information, pricing, and links to the videos created by CDWC. \$2,500 has been earmarked to use strictly for online advertising through custom video content produced by CDWC for educational purposes as well as to add content to the website and to push out information through social media. \$1,000 has been earmarked for advertisements on placemats in local businesses. \$3,000 has been allocated for use at the ribbon-cutting/grand opening ceremony. The remaining \$2,500 will be used to schedule networking and educational events after hours to be able to encourage other medical providers and their managers in the local area to come and see the equipment and facilities and learn about how the services may benefit their patients and families.

Major competitors are other primary care physicians and specialists that treat and manage chronic pain, PTSD, and anxiety. The strengths of these competitors are not being part of an independent/privately owned organization. These competitors will benefit from receiving patient referrals from within their parent organization. The weakness of these large organizations is the sheer volume of patients that are processed on any given day. Providers in larger organizations are sometimes required to meet certain levels of productivity whereas CDWC is privately owned and does not have the same restrictions and/or threshold requirements to meet. The clinicians at CDWC are afforded the flexibility of spending more quality time devoted to direct patient care and counseling. Currently, there is a trend in healthcare in which patients are seeking out alternative forms of treatment and holistic healthcare services rather than using pharmaceuticals and/or surgical intervention. In order to meet these patients where they are, many open-minded healthcare providers are adding complementary holistic services to their practice.

4. Implementation of Marketing Strategy – The mode and method of marketing to the target population, which is the existing patients of the practice, combat veterans, and first responders, will be through direct mail, email, social media, and within the medical practice itself. Niche markets will be used in Google searches to drive first responders and combat veterans with back injuries, chronic pain, PTSD, and anxiety to the CDWC website. The new float pod and infrared services will be promoted on the website with video and other literature and links to information about the treatment and costs. Psychographics such as American flags, camouflage background, Maltese cross, and the Star of Life will be used on electronic media advertising and added to the CDWC website in order to attract the attention of those who serve and protect as well as their families.

One-third of the \$15,000 advertising budget for the first year will be spent on printing costs. A little less than 25% of the advertising budget in year one will be spent on electronic media. \$1,000 will be used to advertise on placemats in local restaurants. The remainder will be used at the ribbon-cutting and subsequent networking and educational events, which will be held at various times throughout the remainder of the year. The expected rate of return on investment for advertising is 200%, with the highest rate of return being those new patients who will be directed to the practice through niche marketing and placemat advertising.

“According to the market research report published by P&S intelligence, chronic pain treatment market is expected to reach \$105.9 billion by 2024. The market growth is primarily driven by the rising prevalence of chronic conditions, surging geriatric population, and increasing government support toward chronic pain management.”(P&S Intelligence, 2019) “According to the latest report published by Credence Research, Inc. “Post-Traumatic Stress Disorder Therapeutics Market-Growth, Future Prospects and Competitive Analysis, 2018-2026,” the global post-traumatic stress disorder therapeutics market is projected to reach US\$ 10,679.5 Mn by 2026, expanding at a CAGR of 4.5% from 2018 to 2026.”(Credence Research, 2018)

Part III: Financial Documents

1. Summary of Financial Needs

a. Financing – The project will require financing through a commercial lender. The total capital requirements are expected to be \$85,000, which will be used to pay for the renovation of the building as well as improvements/upgrades to flooring, plumbing, and to purchase any furniture and equipment needed in addition to the medical equipment.

b. Capital Outlay – The capital outlay will be provided through a commercial loan that the physician/owner will obtain to cover the costs of the renovations and improvements to the existing office suite as well as any furniture and equipment that will be needed to furnish the new treatment rooms. The improvements include, but are not limited to, new flooring throughout, new sheetrock and interior walls, paint, new light/plumbing fixtures, sinks, shower enclosure, doors, cabinets/shelving/countertops, plumbing and electrical improvements, as well as purchase of float pod and infrared sauna booth.

c. Resource Costs Associated/Opportunity Cost – Patient treatment areas that contain the float pod and infrared sauna can also double as examination rooms and extra workspace for the medical providers when not in use.

2. Key Assumptions – While developing all of the financial statements and documents, the following key assumptions were made:

1. The financial statements contain incremental revenues and expenditures related only to the new holistic healthcare services described herein. All of the costs and revenues included are associated with the FTE that will be hired mid-year in order to provide extra help and support in anticipation of increased patient volume.
2. The expected revenues generated during year three and beyond will have a significant positive impact on the cash flow to the primary care practice.
3. It is assumed that during the first year, there will be a loss as the ramp up may take time, and scheduling of services will only begin during the sixth month. It is also assumed that in each of the following years, there will be an increased purchase of services over the year before until the facility reaches maximum scheduling capacity.
4. It was assumed that the new FTE would receive a cost-of-living increase in their salary of 3% each year. Bonus was not included in these numbers. It was also assumed that this FTE would participate in the group health/dental plan and other fringe benefits.
5. Assumptions were also made that utilities and supplies would increase or decrease based on usage and patient volume.

3. Pro Forma Cash Flow Statement (Budget)
CDWC Expanded Services
Sources and Uses of Cash

<u>Sources of Cash</u>	Budget
<u>Cash from Operations</u>	
Cash Advance from PCP Practice Operations	\$ 50,000
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<u>Cash from Other Sources</u>	
Commercial Loan	\$ 85,000
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<u>Total Sources of Cash</u>	\$ 135,000
 <u>Uses of Cash</u>	
<u>Capital Requirements</u>	
1. Facility Renovations and Improvements	\$ 50,000
2. Furniture and Equipment	\$ 35,000
 <u>Total Uses of Cash</u>	 <u>\$ 85,000</u>
 Cash for Working Capital	 <u>\$ 50,000</u>

4. Three-Year Income Projection**CDWC Expanded Services**

	Projected Year 1	Projected Year 2	Projected Year 3
Gross Patient Service Revenue	\$23,400	\$62,400	\$ 85,800
Deductions from Patient Service Revenue: Veteran/first responder discounts	\$0	\$0	\$0
Provision for Uncollectable Accounts	\$0	\$0	\$0
Total Deductions from Patient Service Revenue	\$0	\$0	\$0
Net Patient Service Revenue			
Operating Expense	\$23,400	\$62,400	\$85,800
Salaries & Wages	\$16,640	\$34,278	\$35,306
Fringe Benefits	\$2,546	\$5,090	\$5,242
Payroll Expense	\$1,689	\$3,479	\$3,584
Supplies	\$1,090	\$2,186	\$3,279
Condo Fees	\$0	\$0	\$0
Bank Interest	\$4,691	\$3,764	\$2,781
Advertising	\$15,000	\$7,500	\$3,000
Utilities & Other Direct Expense	\$2,700	\$5,700	\$7,500
Depreciation & Amortization	\$5,167	\$10,333	\$10,333
Total Operating Expenses	\$49,523	\$72,330	\$71,025
NET Income (Loss)	(\$26,123)	(\$9,930)	\$14,775

5. Projected Balance Sheet

	<u>End of Start-up Year</u>	<u>End of Projected Year 2</u>	<u>End of Projected Year 3</u>
Current Assets:			
Cash and Cash Equivalents	<u>\$14,016.00</u>	<u>\$(1,536.00)</u>	<u>\$6,633.00</u>
Total Current Assets	\$14,016.00	\$(1,536.00)	\$6,633.00
Property and Equipment, Net of Depreciation and Amortization	<u>\$79,833.00</u>	<u>\$69,500.00</u>	<u>\$59,167.00</u>
Total Assets:	<u>\$93,849.00</u>	<u>\$67,964.00</u>	<u>\$65,800.00</u>
Current Liabilities:			
Current Portion of Commercial Loan	<u>\$15,955.00</u>	<u>\$16,939.00</u>	<u>\$17,984.00</u>
Total Current Liabilities	\$15,955.00	\$16,939.00	\$17,984.00
Long Term Portion of Commercial Loan	<u>\$54,017.00</u>	<u>\$37,077.00</u>	<u>\$19,093.00</u>
Total Liabilities:	<u>\$69,972.00</u>	<u>\$54,016.00</u>	<u>\$37,077.00</u>
Balance Available for CDWC Operations	<u>\$23,877.00</u>	<u>\$13,948.00</u>	<u>\$28,723.00</u>
	<u>\$93,849.00</u>	<u>\$67,964.00</u>	<u>\$65,800.00</u>

6. Break-Even Analysis – Break-even will be reached during year three. If patients purchase packages in advance for use over the same period of time, it is possible that the break-even will be reached sooner. During the first five months of year one, no revenues will be generated.

7. Financial Statement Analysis – The financial statement reflects booking an average of fifteen paid services per week. Each of the services is the same cost to the patient. The fee being charged is \$1 per minute, or \$60 per hour. The services will not be available until the sixth month of the first year. Therefore, estimated revenues generated are based on six months. During year number two, it is expected that at least fifteen services per week will be paid for over a twelve-month period, doubling the expected revenues of year number one. During year number three, it is estimated that services rendered will be increased by an additional 50% over the prior year.

The new services will generate revenues very quickly as they are all paid in full at the time of the visit. There is no cost involved regarding billing of patients and/or insurance. There is also no potential loss of revenue due to bad debt. The new services being offered are a very attractive alternative to pharmaceuticals, particularly now when consumers are very conscious about what they are putting in and on their bodies. These types of treatments are expected to become more popular as they become more readily available throughout the region. The new services are expected to generate a surplus during year number three as the schedules consistently become filled to capacity over time. The revenues generated will eventually level off once capacity is reached but will remain a steady source of income to the practice. The practice has been dependent on insurance reimbursement for most other services, usually reimbursed at a lower negotiated rate.

Part IV: Innovative Elements and Expected Business Outcomes

1. Positive Impacts on the Healthcare Industry – The added holistic services are innovative in nature and will provide the patients of CDWC with local alternative treatments for their chronic and acute symptoms and medical conditions related to PTSD, anxiety, and pain. More and more health insurance plans are rewarding physicians for their positive outcomes and efficiency in treatments in a shift from volume-based to value-based care. Reductions in hospitalizations and emergency room visits related to back pain alone will free up rooms and resources for treatment of cardiac care, trauma care, or any other life-threatening condition. Although currently float therapy and infrared therapy are not covered by most insurance plans, a definite advantage would be that patients are already required to spend a large amount out of their pockets simply because of the high deductible plans that are prevalent in the marketplace today.

The primary reason for opioid and other addiction is due to isolation and an inability to connect with others. Another reason for opioid and other addiction is an inability to find relief from chronic pain, anxiety, and/or PTSD. Not feeling well mentally or physically causes people to make poor choices in trying to find relief for their condition and/or symptoms. Many times, the side effects that people suffer from when taking pharmaceuticals are much worse than the illness itself. Our current system primarily covers treatment for sickness and symptoms due to illness and underlying/preventable conditions. There will only be meaningful change in the current healthcare system when healthcare providers shift their focus to preventing sickness because of wellness. When this happens, not only will patient lives improve directly, the healthcare system will then become a catalyst for a well-healed mind, body, and soul. Health truly is the new wealth.

2. Challenges Encountered During This Process – After multiple reviews and planning meetings between the key decision makers, the project is getting underway. Approvals are in place after scaling back on the scope of the renovations and the number of holistic offerings in this small medical practice. Originally, the physician/owner wanted to also make available halotherapy and hyperbaric oxygen chamber treatments in addition to the flotation therapy and infrared therapy treatments. Adding these additional services would have essentially doubled the cost of the project. The owner of the practice is moving forward with the project on a much smaller scale than was originally envisioned in an effort to keep the financial risk to the practice low.

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Key Words:

PTSD

holistic healthcare

opioid addiction

combat veterans

first responders

suicide prevention

float therapy

halotherapy

halo booth

infrared therapy

float pod

infrared sauna

anxiety

chronic pain

depression

hyperbaric oxygen chamber