BUSINESS PLAN

FHIRed_Up

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1. EXECUTIVE SUMMARY

1.1 Product

FHIRed_Up will sell an add-on application to interact with FHIR servers.

The Affordable Care Act requires health insurance companies to offer insurance to people with pre-existing conditions. By only offering policies with high co-pays and high-deductibles, insurance companies can discourage ill patients from purchasing their products. Risk adjustment prevents this by transferring premiums from insurers with healthy members to those organizations that are insuring for a more ill population.

Risk scores are used to determine the average level of illness in an insurers' population. A risk score is calculated using the list of diagnoses recorded for a patient during the previous calendar year and is a relative score against the average patient (risk score for an average patient=1). This gives providers and insurers a strong financial interest in making medical records accurate and complete.

The RADV tool was designed to help providers validate medical records by identifying health care conditions that may be missing from a patient's recent medical record.

1.2 Customers

Hospitals, Physicians, Insurers, HMOs that use FHIR servers

1.3 What Drives Us

Risk scores are used to determine the average level of illness in an insurers' population. A risk score is calculated using the list of diagnoses recorded for a

patient during the previous calendar year and is a relative score against the average patient (risk score for an average patient=1). This gives providers and insurers a strong financial interest in making medical records accurate and complete. If a member has an illness, but the diagnosis code is not reported to the insurance carrier during the calendar year, their risk score will be artificially low. This data quality issue can substantially reduce an insured's premiums. When provider payments are on a percent-of-premium basis, it also reduces payments to hospitals and doctors. As doctors and hospitals move to a pay-for-performance structure, correct risk assessment and diagnostic codes ensure appropriate payment for treatment of patients with multiple chronic diseases and premium payments from the patients. The RADV tool was designed to help providers validate medical records by identifying health care conditions that may be missing from a patient's recent medical record.

2. COMPANY DESCRIPTION

2.1 Mission Statement

2.2 Principal Members

2.3 Legal Structure

3. MARKET RESEARCH

3.1 Industry

3.2 Customers

Our potential customers include organizations that use a FHIR server for data aggregation, including hospitals, insurers, Health Informatics organizations, and EHR producers.

3.3 Competitors

3.4 Competitive Advantage

3.5 Regulations

HIPAA, HL7

4. PRODUCT/SERVICE LINE

4.1 Product or Service

Risk scores are used to determine the average level of illness in an insurers' population. A risk score is calculated using the list of diagnoses recorded for a patient during the previous calendar year and is a relative score against the average patient (risk score for an average patient=1). This gives providers and insurers a strong financial interest in making medical records accurate and complete. If a member has an illness, but the diagnosis code is not reported to the insurance carrier during the calendar year, their risk score will be artificially low. This data quality issue can substantially reduce an insured's premiums. When provider payments are on a percent-of-premium basis, it also reduces payments to hospitals and doctors. As doctors and hospitals move to a pay-for-performance structure, correct risk assessment and diagnostic codes ensure appropriate payment for treatment of patients with multiple chronic diseases and premium payments from the patients. The RADV tool was designed to help providers validate medical records by identifying health care conditions that may be missing from a patient's recent medical record.

4.2 Pricing Structure

It's open ended at this point.

4.3 Product/Service Life Cycle

We have a beta version

4.4 Intellectual Property Rights

We are the designers and owners of the IP

4.5 Research & Development

5. MARKETING & SALES

5.1 Growth Strategy

We would like t partner with a hospital, insurer, Health informatics organization, or EHR producer.

5.2 Communication

Email, in-person, and phone.

5.3 Prospects

We will sell the base application that can be installed on a web application server owned by the buyer. We will also offer add-ons such as reporting features or other customizations a la carte to the buyer.

6. FINANCIAL PROJECTIONS

6.1 PROFIT & LOSS

	Year 1	**Year 2**	**Year 3**
Sales	$50,000	$100,000	$150,000
Costs/Goods Sold	$17,000	$34,000	$51,000
GROSS PROFIT	**$33,000**	**$66,000**	**$99,000**

OPERATING EXPENSES

	Year 1	Year 2	Year 3
Salary (Office & Overhead)	$0	$0	$0
Payroll (taxes, etc.)	$1,020	$2,040	$3,060
Outside Services	$0	$0	$0
Supplies (office & operation)	$0	$0	$0
Repairs & Maintenance	$0	$0	$0
Advertising	$1,000	$1,000	$1,000
Car, delivery & travel	$0	$0	$0
Accounting & legal	$0	$0	$0
Rent	$0	$0	$0
Telephone	$0	$0	$0
Utilities	$0	$0	$0
Insurance	$0	$0	$0
Taxes (real estate, etc.)	$0	$0	$0
Interest	$0	$0	$0
Depreciation	$0	$0	$0
Other expenses	$0	$0	$0
TOTAL EXPENSES	**$2,020**	**$3,040**	**$4,060**

NET PROFIT (before taxes)

	Year 1	Year 2	Year 3
Income Taxes	$73	$73	$73
NET PROFIT (after tax)	**$30,907**	**$62,887**	**$94,867**

Owner Draw/Dividends	$25,000	$50,000	$75,000

ADJUSTED TO RETAINED $5,907 $12,887 $19,867

6.2 CASH FLOW (05/31/2016 to 05/31/2019)

	Pre Startup EST	Year 1	Year 2	Year 3	Total Item EST
Cash on hand	$0	$0	$16,927	$51,831	$68,758
CASH RECEIPTS					
Cash Sales		$50,000	$100,000	$150,000	$300,000
Collections from CR Accounts	$0	$0	$0	$0	$0
Loan/Cash Injection	$0	$0	$0	$0	$0
TOTAL CASH RECEIPTS	$0	$50,000	$100,000	$150,000	$300,000
TOTAL CASH AVAILABLE (before cash out)	$0	$50,000	$116,927	$201,831	$368,758
CASH PAID OUT					
Purchases					$0
Gross Wages	$0	$17,000	$34,000	$51,000	$102,000
Outside Services	$0	$0	$0	$0	$0
Supplies	$0	$0	$0	$0	$0
Repairs & Maintenance	$0	$0	$0	$0	$0
Advertising	$0	$1,000	$1,000	$1,000	$3,000
Car, delivery & travel	$0	$0	$0	$0	$0
Accounting & legal	$0	$0	$0	$0	$0
Rent	$0	$0	$0	$0	$0
Telephone	$0	$0	$0	$0	$0
Utilities	$0	$0	$0	$0	$0
Insurance	$0	$0	$0	$0	$0
Taxes (real estate, etc.)	$0	$73	$96	$119	$288
Interest		$0	$0	$0	$0
Other expenses	$0	$0	$0		$0
SUBTOTAL	$0	$18,073	$35,096	$52,119	$105,288
Loan principal payment	$0	$0	$0	$0	$0
Capital purchase	$0	$0	$0	$0	$0
Other startup costs	$0	$0	$0	$0	$0
Reserve and/or Escrow	$0	$0	$0	$0	$0
Others withdrawal	$0	$15,000	$30,000	$45,000	$90,000
TOTAL CASH PAID OUT	$0	$33,073	$65,096	$97,119	$195,288

CASH POSITION		$0	$16,927	$51,831	$104,712	$173,470

6.3 BALANCE SHEET

Assets   Start Date:05/31/2016   End Date:05/31/2019

CURRENT ASSETS		
Cash in bank		
Accounts Receivable	$0	$0
Inventory	$0	$0
Prepaid Expenses	$0	$0
Deposits	$0	$0
Other current Assets	$0	$0
TOTAL CURRENT ASSETS	$0	$0

FIXED ASSETS		
Machinery & Equipment	$0	$0
Furniture & Fixtures	$0	$0
Leaseholder improvements	$0	$0
Land & Buildings	$0	$0
Other fixed assets	$0	$0
TOTAL FIXED ASSETS (net of depreciation)	$0	$0

OTHER ASSETS		
Intangibles	$10,000	$10,000
Other		

TOTAL OTHER ASSETS	$10,000	$10,000
TOTAL ASSETS	$10,000	$10,000

Liabilities & Equity

CURRENT LIABILITIES		
Accounts Payable	$0	$0
Interest Payable	$0	$0
Taxes Payable	$0	$288
Notes, short term (due in 12 months)	$0	$0
Current part, long-term debt	$0	$0
TOTAL CURRENT LIABILITIES	$0	$288

LONG TERM DEBT		
Bank loans payable	$0	$0
Notes payable to stockholders	$0	$0
LESS: short-term portion	$0	$0
Other long-term debt	$0	$0
TOTAL LONG-TERM DEBT	$0	$0

TOTAL LIABILITIES	$0	$288

OWNERS EQUITY		
Common Stock	$10,000	$9,712
Retained Earnings	$0	$0
TOTAL OWNERS EQUITY	$10,000	$9,712
TOTAL LIABILITIES & EQUITY	$10,000	$10,000

6.4 BREAK EVEN ANALYSIS

DIRECT COSTS	Fixed Costs ($)	Variable Costs (%)
Cost of Goods Sold	$0	0%
Inventory	$0	0%
Raw Materials	$0	0%
Direct Labor	$17,200	0%

INDIRECT COSTS

	Fixed Costs ($)	Variable Costs (%)
Salaries	$15,000	
Supplies	$0	0%
Repairs & Maintenance	$0	0%
Advertising	$0	0%
Car, delivery & travel	$0	0%
Rent	$0	0%
Telephone	$0	0%
Utilities	$0	0%
Insurance	$0	0%
Taxes	$288	0%
Interest	$0	0%
Depreciation	$0	0%
Other Costs	$0	0%
TOTAL DIRECT COSTS	$17,200	0%
TOTAL INDIRECT COSTS	$15,288	0%

BREAKEVEN SALES LEVEL: $32,488

6.5 FINANCIAL ASSUMPTIONS

6.5.2 Assumptions for Cash Flow Analysis

We will only sell software and are georgraphically distributed working at home, so our only expense is payroll and taxes.