

CLEARPATH BEHAVIORAL HEALTH

FY2025 Operating Review

Performance Analysis and Path Forward

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January 2025

Revenue missed budget by 6% due to volume and mix headwinds; cost discipline limited EBITDA erosion

1 Volume shortfall drove two-thirds of revenue miss

1,018 fewer sessions delivered vs. budget, split between admissions (-486) and show rate deterioration (-532 from 88% vs. 90% target)

2 Payer mix shift reduced average reimbursement

2-point shift toward Medicaid reduced blended rate by \$5/session, contributing -\$116K to the revenue variance

3 Cost management offset 25% of revenue shortfall

\$75K favorable variance from delayed hiring and lower variable costs partially mitigated the EBITDA impact

FY1 PERFORMANCE

Revenue

\$4.64M

-6.0% vs budget

EBITDA

\$1.24M

-15.1% vs budget

EBITDA Margin

26.8%

-2.8 pts vs target

IMPLICATION

Recovery requires addressing show rate (highest ROI) and payer mix simultaneously

P&L reflects volume-driven revenue miss partially offset by cost favorability

FY1 P&L SUMMARY (\$000s)

	Actual	Budget	Var
Revenue	4,638	4,934	(296)
COGS	2,154	2,211	57
Gross Profit	2,484	2,723	(239)
OpEx	1,242	1,260	18
EBITDA	1,242	1,463	(221)
EBITDA Margin	26.8%	29.6%	-2.8 pts

OPERATING METRICS

Sessions Delivered

23,390

-1,018 vs budget

Show Rate

88.0%

-2 pts vs 90% tgt

Avg Rate/Session

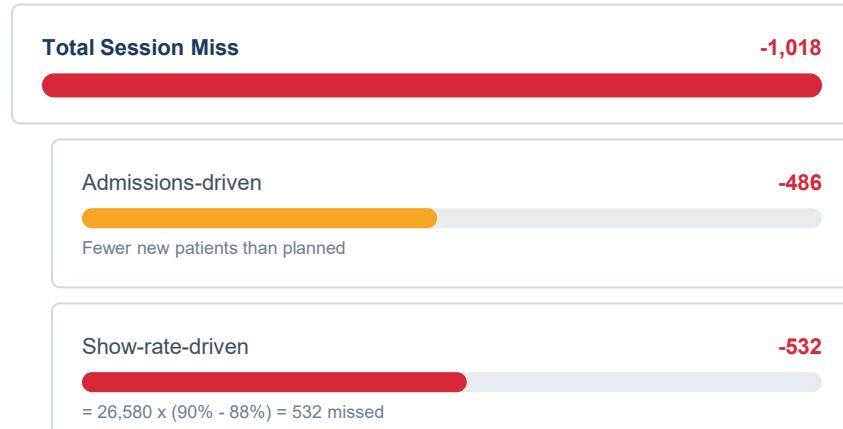
\$198

Census (EOM)

259

Session volume and rate/mix each contributed roughly half of the \$296K revenue shortfall

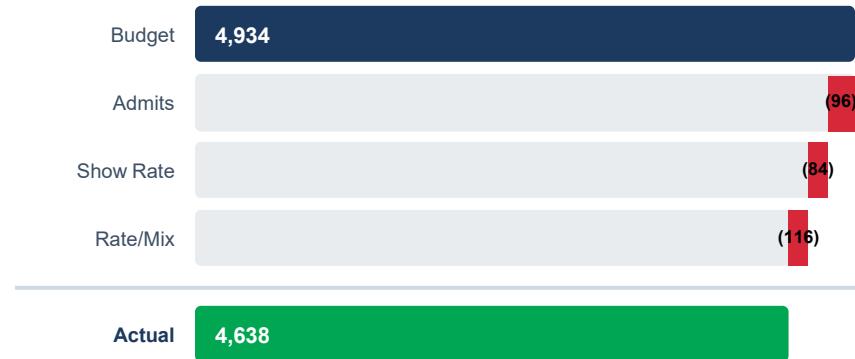
SESSION SHORTFALL DECOMPOSITION



Rate/Mix Impact: -\$116K

2-pt Medicaid shift reduced blended rate by \$5/session
 $= 23,390 \text{ sessions} \times -\$5 = -\$116K$

REVENUE BRIDGE (\$000S)

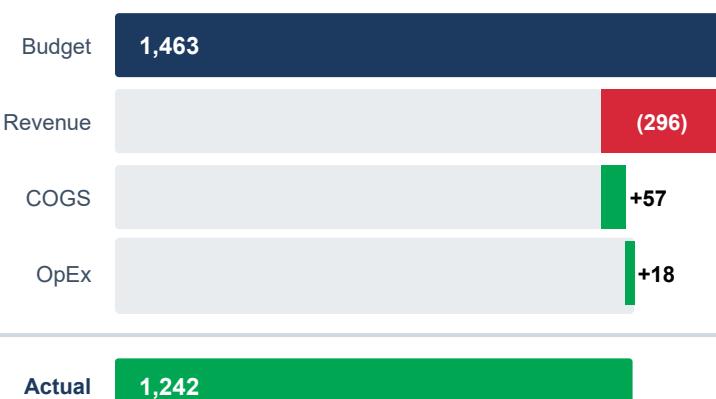


Show Rate Sensitivity

Each 1-pt improvement = ~\$50K revenue
 $= 26,580 \times 1\% \times \190 avg rate

Cost discipline preserved margin; without \$75K savings, EBITDA would have missed by 25%

EBITDA BRIDGE (\$000S)

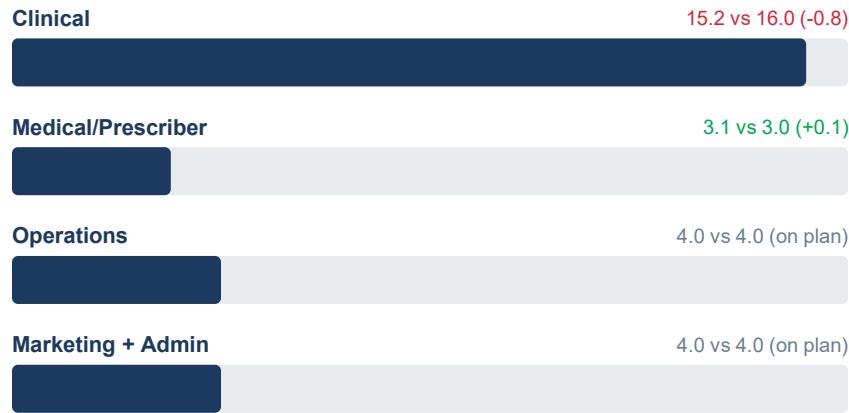


COST VARIANCE DETAIL

Clinical Salaries	+\$42K
15.2 avg FTEs vs 16.0 budget = 0.8 FTE gap x \$52K	
Facility	+\$15K
Variable costs lower with reduced census	
Marketing	-\$10K
Increased spend to drive admissions	
Admin and Other	+\$28K
Timing and discretionary spend	
Total Cost Favorability	+\$75K

Clinical staffing gap constrained capacity; each unfilled FTE costs ~\$150K revenue

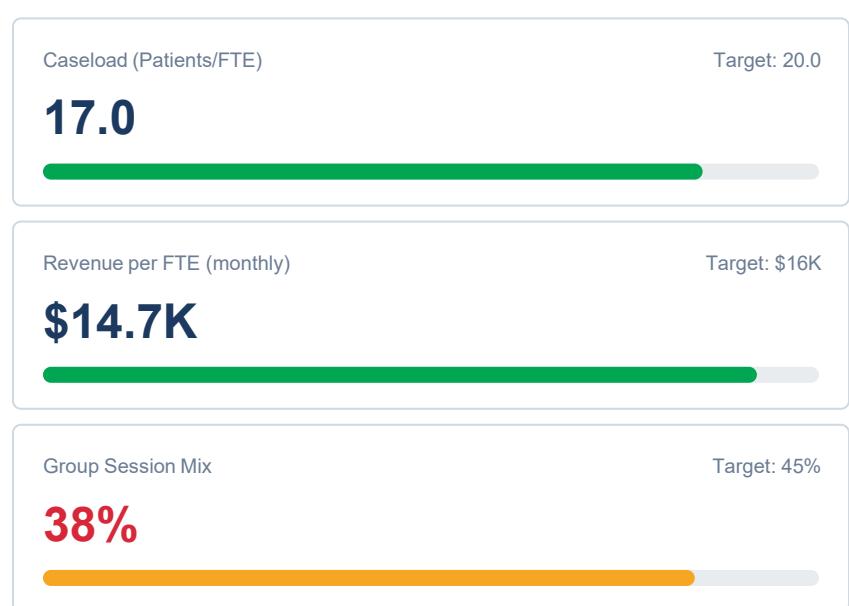
FTE BY FUNCTION (ACTUAL VS BUDGET)



Capacity Impact

0.8 FTE gap = 1,280 fewer sessions ($0.8 \times 1,600/\text{FTE}$)

PRODUCTIVITY DASHBOARD



FY2 base case projects 9% revenue growth; \$470K EBITDA swing between scenarios



Key Drivers	FY1	Down	Base	Up
Admissions Growth	+5%	+2%	+8%	+15%
No-Show Rate	12%	18%	11%	8%
Clinical FTE (avg)	15.2	15.0	17.0	18.0

Probability-weighted EBITDA: \$1.33M = (20% x \$860K) + (60% x \$1,410K) + (20% x \$1,880K), representing 7% growth vs FY2025 with execution risk factored in

Four key risks require monitoring; defined triggers will prompt reforecast within 5 days

RISK ASSESSMENT MATRIX

Medicaid Rate Pressure

State budget could reduce rates 5-10% in FY2

Impact: ~\$180K revenue at risk (4% of FY2)

Clinical Staffing Shortage

Burnout/turnover could delay hiring plan

Impact: \$150K revenue capacity per unfilled FTE

No-Show Rate Deterioration

Without intervention, could rise to 15%+

Impact: \$50K revenue per 1 pt deterioration

NWA Site Ramp Delay

Referral network developing slower than expected

Status: Currently on track; watching closely

REFORECAST TRIGGERS

Initiate reforecast within 5 days if:

1 Revenue miss >10% (rolling 3-mo)

2 No-show rate >15% (any month)

3 Clinical FTE <14 (capacity floor)

4 Medicaid rate change >3%

5 Major payer contract change

GOVERNANCE

Finance monitors monthly; escalation within 5 days; Board update at next meeting

Four initiatives can deliver \$200-250K incremental EBITDA annually

1. NO-SHOW INTERVENTION	2. COMMERCIAL CONTRACTING	3. GROUP SESSIONS	4. CLINICAL HIRING
Automated reminders, same-day calls, transport pilot Target: 12% to 10% +\$40K Clinical Ops Feb 2025	Negotiate with 2-3 regional payers Target: 3-pt mix shift +\$41K Billing/RCM Q1 2025	Dedicated rooms, train 2 facilitators Target: 38% to 45% +\$70K Clinical Dir. Q2 2025	Hire 2 therapists by March +3,200 session capacity Enables vol. HR Mar 2025

Combined Annual EBITDA Impact

If all initiatives achieve targets

\$200-250K

Investment required: ~\$15K for systems/training (initiatives 1-3). Clinical hiring adds ~\$100K cost but enables \$300K+ revenue capacity.

Appendix: Key Metric Definitions

OPERATING METRICS

Census

Active patients at month-end | FY1: 259

Sessions Scheduled

Appointments booked | FY1: 26,580

Sessions Delivered

Attended appointments | FY1: 23,390

Show Rate

Delivered / Scheduled | FY1: 88% | Target: 90%

Clinical FTE

Therapist headcount | FY1 avg: 15.2

Caseload

Census / Clinical FTE | FY1: 17.0 | Target: 20.0

FINANCIAL METRICS

Revenue

Sessions Delivered x Avg Reimbursement Rate

Avg Reimbursement Rate

Blended rate by payer mix | FY1: \$198/session

Gross Margin

(Revenue - COGS) / Revenue | FY1: 53.6%

EBITDA

Gross Profit - OpEx | FY1: \$1,242K

EBITDA Margin

EBITDA / Revenue | FY1: 26.8% | Target: 29.6%

Payer Mix Sensitivity

Each 1-pt Commercial shift = +\$25K revenue