Business Plan Template Summary
April 2011

The Business Plan Template Summary is a working document created and supported by the ATA Business and Finance SIG work group. This document highlights the key steps of the SIG's Business Plan template full version.

The business plan formalizes the business and operational goals of the organization with detailed financial information.

This template is a guide; the steps can be considered individually. Your business plan may have more focus on some areas and omit other sections.

Fifteen Steps to assist in business plans and strategic planning for telehealth

1) Executive Summary
- Decision makers will view this first, so the summary should attract their interest to continue reading the plan.
- Provides a concise overview of the telehealth plan, ideally in one page
- Last section to write after you have worked out the details of your plan

2) Introduction and Background
- Why is the telehealth program being proposed?
- Identify key players, current situation and how the telehealth program can provide a solution or improve your business.
- Set measurable goals and objectives that align with mission and values of your organization
- Establish mechanism to monitor goals with benchmarks

3) Needs and demand assessment
- Evaluate both the consumer needs and demands.
- Conduct focus groups and surveys, use internal and external research data.
- Stakeholders and collaborative partners could include (but not limited to) patients, providers, insurance companies, educators, community and business leaders, legislators, legislative analysts, organizational management, utility and equipment providers, vendors, and other potential telehealth users. This matrix for partners should be evolving as the program develops.
- Customer buy-in and demand is critical for successful telemedicine programs.

4) Services Plan Component
- Determine how the services will be delivered. Examples: two-way interactive, real-time video, web-based applications, store-and-forward applications and wireless devices.
- Determine how the services can be reimbursed. Examples: third party payers (Medicaid, Medicare and private insurance), service contract between two entities and grant funding. Models to consider are those that demonstrate cost savings to providers and insurance.
- Technology requirements – It is important to determine the technical needs for applications at all sites, including staff resources and training.

- Identify champions – This is a key element for successful telemedicine programs. It is important to identify clinical and administrative champions to gain stakeholder buy-in and to build collaborative relationships with internal and external partners.

5) Internal and External Assessment – An organizational assessment with SWOT analysis is suggested to evaluate strengths and weaknesses both internally and externally. Champions can be a great asset for conducting this evaluation.
- **SWOT analysis (Strengths, Weakness, Opportunities, Threats)**
  - **Strengths** – Internal organization strengths. Consider developing programs with highest and best use for your organization that can leverage other programs. Consider integrated solutions for your organization and partners. These can enable a better return on investment and create programs with fewer or no subsidies.
  - **Weaknesses** – Internal organization weaknesses. Examples: What are your barriers internally? How difficult is it to develop a program?
  - **Opportunities** – External business opportunities. Evaluate market studies, what services are needed and what can you provide. What strategic partnerships exist and can be enhanced?
  - **Threats** – External barriers to success. Customer readiness, may need to work with competitors to develop service line. Are stakeholders on board externally?

6) Marketing Plan Component – A market study will be required for most telehealth programs. Some aspects to consider are:
- Market Segmentation – Review industry with similar services
- Market Targeting – Segments to concentrate on
- Market Positioning – Market product or service
- Market Share Availability – Percent of market that organization can obtain
- Market Growth – Future products and expansion
- Brand name – How will your organization name be utilized?
- Promotion – How will the product be promoted?
- Pricing – Pricing strategy to be competitive
- Position in value network

7) Technical Plan – The technical plan should not drive the services, but support them. This should be incorporated in the financial component and return on investment models. Below are components to consider in the technical plan:
- Vet and review equipment – interoperability and testing are essential.
- Adequate IT network at all sites. Determine the bandwidth capacity.
- Technical staff availability and expertise
- Integration with Electronic Health Record (EHR)

8) Regulatory Environment
- Credentialing and Privileging – The Centers for Medicare and Medicaid Services proposed new regulations to streamline the process. A Medicare participating hospital that provides telemedicine services to its patients via an agreement with a distant site would be allowed to rely upon the information furnished by distant site (usually a larger medical center). This new flexibility would reduce the burden to credential at smaller hospitals. Final ruling pending: check back on the ATA website for updates.
- Licensure – There is no licensure issue unless a provider wishes to deliver services across state lines. Some states actually have a telehealth license which facilitates physician

interstate service delivery. It is best to check with individual state board or Federation of State Medical Boards.

- Malpractice – Notify existing carrier or, if self-insured, check with organization
- Security and Privacy – Include compliance or security officer, as well as technical staff, in the planning.
- Reimbursement – There are three third-party payers: Medicare, Medicaid and commercial insurance. To determine the service coverage, it is best to work with contracting and telehealth program administration on the reimbursement policies.

9) Management Plan Component – Determine how the project will fit into the organization goals. Areas to consider are politics of the organization, reporting relationships and internal partners that should be on board and communication.

10) Financial Plan Component - Identifies core financial objectives and what is needed to achieve the objective. What are the financial objectives? Examples: increase profit, increase market share, leverage investment across multiple programs, break even and return on investment.

A. Financial Projections & Sustainability

Revenue
- Clinical Program Revenue – direct contracts with other entities, insurance reimbursement, and new referral streams from telehealth programs
- Program and User Fee Revenue – educational and other programs
- Extramural Funding
- Support from Organization
- Recipient Site Revenue
- Other Revenue

Expenses (major categories)
- Non-Clinical Personnel Salaries and Benefits
- Direct Clinical Expenses
- Telecommunications Expenses
- Information Technology Equipment and Expenditures
- Capital Equipment
- Training Expenditures
- Marketing
- Recipient Site Support
- Facilities and Administrative (F&A) costs – indirect costs associated with federal and state grants.

The real costs for training, start-up and staff support need to be identified as well as future revenue streams. Telehealth programs can provide value or benefit to organization with qualitative values such as new partnerships and referrals, customer convenience and community relations.

B. Break Even Analysis – An activity breaks even when revenue equals expenditures. The average price per unit of service must be determined. The calculation for break even is:

<div align="center">

(Fixed Expenses)
(Price-(Cost of Variable Expenses)

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It is important to classify fixed expenses for the project. The price and variable expenditures should be calculated by unit costs. This can be done by dividing the quantity of telehealth units into revenue and variable expense. You can calculate this formula for multiple years. A tool is available on ATA website http://www.atmeda.org.

C. Return on Investment – This calculation is used to measure investment profitability. The ROI calculation is:

<div align="center">

Net Benefit or Total Investment
(Cost or Original Investment)

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This can be used for multiple years and for individual or combined service lines.

11) Presentation to Stakeholders – Operational and financial plan should be presented to stakeholders.

12) Training and Testing Component – Training is ongoing and future costs should be considered. The training should cross disciplines for billing, scheduling, clinicians, educators, administrators, providers. Test the network and the processes on a small scale before implementing the plan.

13) Operations Plan Component – This describes how the program will be implemented.

14) Evaluation Feedback and Refinement – Should be performed at regular intervals and be adaptable to be refined as necessary. Monitor satisfaction of all stakeholders.

15) Conclusion and Recommendations – The summary should state the value and benefit of the telehealth program to the organizations.

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