

Welcome To REV

In the following pages you'll see the content of each TAB in the REV Excel Template (where showing all pages per TAB would be redundant, only the first page is shown).

REV is designed to give you a straight forward, self documented tool to create an executive level Contribution Report of any healthcare business activity (current or planned).

Once you have made your first pass through the TABS you can go back and modify any variable to either refine your results or create different scenarios.

If your program shows positive contribution and you then need to create a 5 year pro-forma budget, you'll want to purchase REV5. REV5 will give you the Contribution Report, Cash Flow Report, Capital Needs Report, Detailed Operating Expenses, and Volume Expectations over your 5 year time horizon.

Because both of these templates are Excel workbooks, they can be modified in real time and shared via the Internet.

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Instructions Tab

Contribution Margin Reporting Instructions

For meaningful results this report should not be run for a period shorter than a month but can be run with up to 24 months data. Indicate the number of months data contained in this report in the adjacent box.

of Months

9

Now enter the month ending date in the format: MM/DD/YYYY

09/30/2004

NOTE: Throughout this Model, ONLY VALUES IN SHADED AREAS (LIKE THIS) CAN BE CHANGED.

Enter the name (e.g., Burbridge Memorial MC) you wish to have at the top of the report in the box below. Limit the title to no more than 40 characters, including spaces.

Model Test Facility

Enter the second line of description. This line should describe the project being Modeled. Limit this tile to 55 characters (including spaces).

Program Model

Enter the third line of description if desired such as who prepared the report or other qualifying information. Limit this tile to 55 characters (including spaces).

Prepared By BH&R Management Services, Inc.

Report Headers

Enter Revenue for Program Sources.

Revenue can be entered in one of three (3) ways depending upon available data.

Note: revenue from all sources must be entered the same way.

<u>Method 1</u>	Direct Input of "Net Revenue" by Program Source and by Payer if desired.
<u>Method 2</u>	Input "Gross Charges" and Percentage Collectable by payer for each Program Source.
<u>Method 3</u>	Input "CPT or Source Transaction Code" Volume and charge per code. Input Payer and Percent Collectable for each Program Source.

Select the "Method" you want to use by entering the number 1, 2 or 3 in the adjoining box.

3

Now Go To The "Input" Tab and Enter The Payer Detail Level and Program Sources

Model Test Facility
Program Model
Statement of Contribution
Prepared By BH&R Management Services, Inc.
For The 9 Month Period Ending..... 09/30/2004

Gross Program Revenue	\$	-
Contractual Adjustments	\$	-
Net Program Revenue	\$	-
Less Direct Program Laboratory Expenses		
Program Direct Salaries & Benefits	\$	-
Program Direct Non-Salary Expenses	\$	-
Total Program Direct Expenses	\$	-
Program "Contribution"	\$	-
Program Contribution Margin Percentage		0%

Input Tab

Revenue

Major Insurance Payers	Percent Collectable

Press To Record Insurance Payer Changes

When you have completed entering data into this sheet and have recorded the changes then proceed to the "Rev1" tab to enter the data for Method 1 & 2 and the percentages to be used for Method 3.

If you are using Method 3, enter the detail charge data on the "Detail Rev Input" tab.

Rev 1 Tab

Program Gross Revenue

Revenue Capture Worksheet

Use the pull down menu at each Source rose colored field to select one of the Program Sources identified on the Input Tab. Then using the pull down menu available for each Payer rose colored field select a payer and then enter the Gross Charges in the field to the left. If using Method 2 or 3 enter the appropriate information requested.

Method 1					Method 2	Method 3		
Method 2 & 3: <u>Enter: Program Source, Payer, and Percent Collectable Data</u>						<u>Enter: Program Source, Payer, and Payer Allocation %</u>		
Program Source	Gross Charges Method 1	Payer	Percent Collectable	Net Revenue (Calculated)	Net Revenue (Input)	Gross Charges From Detail	Payer Allocation Percentages	Net Revenue
			0%	\$ -		\$ -		\$ -
			0%	\$ -		\$ -		\$ -
			0%	\$ -		\$ -		\$ -
			0%	\$ -		\$ -		\$ -
			0%	\$ -		\$ -		\$ -
			0%	\$ -		\$ -		\$ -
			0%	\$ -		\$ -		\$ -
			0%	\$ -		\$ -		\$ -
			0%	\$ -		\$ -		\$ -
			0%	\$ -		\$ -		\$ -
TOTAL	\$ -	Average All Payers	0%	\$ -	\$ -	\$ -	0%	\$ -
			0%	\$ -		\$ -		\$ -
			0%	\$ -		\$ -		\$ -
			0%	\$ -		\$ -		\$ -
			0%	\$ -		\$ -		\$ -
			0%	\$ -		\$ -		\$ -
			0%	\$ -		\$ -		\$ -
			0%	\$ -		\$ -		\$ -
			0%	\$ -		\$ -		\$ -
			0%	\$ -		\$ -		\$ -
TOTAL	\$ -	Average All Payers	0%	\$ -	\$ -	\$ -	0%	\$ -

Non-Salary Expense Summary Report

<p style="text-align: center;">Model Test Facility Program Model For The 9 Month Period Ending Non-Salary Expenses Detail</p>
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Expenses By Source

Recurring Monthly Fixed Expenses

Space Rental	\$	-
Utilities	\$	-
Equipment Rental	\$	-
Furniture Rental	\$	-
Other	\$	-
Other	\$	-
Other	\$	-
Total Monthly recurring Expenses		\$ -

Variable Expenses Per Unit (See "Input" Tab)

Consumable Medical Supplies	\$	-
Consumable Non-Medical Supplies	\$	-
Other	\$	-
Other	\$	-
Other	\$	-
Total Monthly Variable Expenses Per Test		\$ -

Centralized Program Expenses and Other Non-Salary Expenses of the Program:

Recurring Monthly Fixed Expenses

Space Rental	\$	-
Utilities	\$	-
Equipment Rental/Lease	\$	-
Furniture Rental/Lease	\$	-
Telecommunications Expenses	\$	-
Special Software License Expense	\$	-
Management Fees	\$	-
Purchased Services (e.g., Legal)	\$	-
Other Management Fee	\$	-
Other	\$	-
Other	\$	-
Other	\$	-
Other	\$	-
Other	\$	-
Total Monthly Recurring Expenses		\$ -

Non-Salary Expense Summary Report

<p style="text-align: center;">Model Test Facility Program Model For The 9 Month Period Ending Non-Salary Expenses Detail</p>
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Variable Expenses Per Total Units (See "Input" Tab)

Consumable Medical Supplies	\$	-
Testing Supplies	\$	-
Repairs & Maintenance	\$	-
Marketing Expenses	\$	-
Office Supplies	\$	-
Medical Malpractice Insurance Prem	\$	-
Consumable Non-Medical Supplies	\$	-
Other Non-Medical Supplies	\$	-
Other	\$	-
Other	\$	-
Other	\$	-
Other	\$	-
Other	\$	-
<hr/>		
Total Monthly Variable Expenses Per Test	\$	-

Purchased Program Services

Total Purchased Services Cost For Period	\$	-
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Non-Salary Courier Operating Expenses of Program

Courier Vehicle Operating & Repair Costs		
Estimated Gas, Oil & Repair Costs	\$	-
Reporting Period Insurance	\$	-
Vehicle Lease/Purchase Costs	\$	-
<hr/>		
Total Vehicle Operating & Repair Costs	\$	-

Total Non Salary Expenses	\$	-
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REV Non-Salary Expense Input Worksheet

Program Supplies, Space, Equipment & Other Expenses

Only those expenses that would be immediately discontinued if the Program were discontinued qualify. Many costs may be incurred at the beginning of a project, such as space renovation, equipment acquisition, and other one time expenses that once incurred can not be terminated due to contractual commitments, no secondary market, and other conditions. These expenses are often referred to as "committed" costs. The contribution margin of the project determines how fast they can be recovered, but they are not direct operating expenses of the Program.

Accordingly, only enter current period operating expenses, not capitalized costs as depreciation or amortization. All capitalized costs (except for auto's) will be combined as initial sunk costs to be recovered by the monthly "contribution margin" resulting from REV's calculations.

Expenses By Source

Note: The Option Selection Applies To Both The Fixed and Variable Expenses

0		
Select Option	1	
	Option 1	Option 2
Monthly	Calculation For Period	Input For Period

0		
Select Option	1	
	Option 1	Option 2
Monthly	Calculation For Period	Input For Period

Recurring Monthly Fixed Expenses

Space Rental		\$	-		
Utilities		\$	-		
Equipment Rental		\$	-		
Furniture Rental		\$	-		
Other		\$	-		
Other		\$	-		
Other		\$	-		
Total Monthly Recurring Expenses	\$	-	\$	-	\$ -

		\$	-		
		\$	-		
		\$	-		
		\$	-		
		\$	-		
		\$	-		
		\$	-		
Total Monthly Recurring Expenses	\$	-	\$	-	\$ -

Variable Expenses Per Unit (See "Input" Tab)

-

-

	Amount Per Unit	Calculation For Period	Input For Period
Consumable Medical Supplies	\$	-	
Consumable Non-Medical Supplies	\$	-	
Other	\$	-	
Other	\$	-	
Other	\$	-	
Total Monthly Variable Expenses Per Test	\$	-	\$ -

	Amount Per Unit	Calculation For Period	Input For Period
	\$	-	
	\$	-	
	\$	-	
	\$	-	
	\$	-	
Total Monthly Variable Expenses Per Test	\$	-	\$ -

REV Non-Salary Expense Input Worksheet

Centralized Program Expenses and Other Non-Salary Expenses of the Program:

Recurring Monthly Fixed Expenses

These are recurring monthly expenses directly and only applicable to the Program. NO ALLOCATION of existing expenses or amortization of "sunk costs" appear in these amounts as they are not included in the calculation of "contribution margin".

These costs are to be discontinued if the program is discontinued.

Some expenses, like management fees may have a fixed and variable component. Enter the fixed component as a recurring monthly expense and the variable portion in the variable expense area that follows recurring expenses.

Select Option 1 or 2 for "Recurring Monthly Fixed Expenses".

1

	Option 1		Option 2
	Monthly	Calculation For Period	Input For Period
Space Rental		\$ -	
Utilities		\$ -	
Equipment Rental/Lease		\$ -	
Furniture Rental/Lease		\$ -	
Telecommunications Expenses		\$ -	
Special Software License Expense		\$ -	
Management Fees		\$ -	
Purchased Services (e.g., Legal)		\$ -	
Other Management Fee		\$ -	
Other		\$ -	
Other		\$ -	
Other		\$ -	
Other		\$ -	
Other		\$ -	
Total Monthly Recurring Expenses	\$ -	\$ -	\$ -

REV Non-Salary Expense Input Worksheet

Variable Expenses Per Total Units (See "Input" Tab)

The following expenses are directly the result of the Program. If the Program were discontinued, these expenses would stop as well.

They are variable based on the total number of new Program volumes, Accordingly, the Total Units from the "Input" Tab are presented in the box to the right.

-

Select Option 1 or 2 for "Variable Expenses Per Test"	1
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Account or Expense Description	Option 1		Option 2
	Amount Per Test	Calculation For Period	Input For Period
Consumable Medical Supplies		\$ -	
Testing Supplies		\$ -	
Repairs & Maintenance		\$ -	
Marketing Expenses		\$ -	
Office Supplies		\$ -	
Medical Malpractice Insurance Prem		\$ -	
Consumable Non-Medical Supplies		\$ -	
Other Non-Medical Supplies		\$ -	
Other		\$ -	
Other		\$ -	
Other		\$ -	
Other		\$ -	
Other		\$ -	
Total Monthly Variable Expenses Per Test	\$ -	\$ -	\$ -

REV Non-Salary Expense Input Worksheet

Purchased Program Services

If you purchase some of your services from a third party, then this section allows you to quantify the volume of services based on a percentage of your total volume or to directly input the volume and then estimate the costs of purchasing those volumes. Costs can be entered as either a total amount for the volume identified or as a per service rate.

Total Program Volume

	-
"Percentage" of Total purchased	
Option #1	
Calculated Purchased Services	-
<hr/>	
Option #2	
Direct Entry of Purchased Services	

Cost of Purchased Program Services

Option #1	
Average Cost Per Purchased Service	
<hr/>	
Option #2	
Total Cost For Reporting Period	

Total Purchased Services Cost For Period	\$ -
Total Purchased Services Count For Period	-

Non-Salary Courier Expenses Tab

Non-Salary Courier Operating Expenses of Program

Vehicle Lease/Purchase Costs

Vehicle leasing or purchasing is a "committed" cost however, if the program is discontinued, some escape from these commitments is possible. For this reason, they are being treated as variable operating expenses in arriving at "contribution". In order to not distort this expense all vehicles will be assumed to be "leased" for 36 months. The lease factor is the independent variable. The lease factor will vary based on current interest rates. A range of .0125 and .050 would be expected.

Select Which Option You Wish To Use by Entering the number 1 or 2 in the adjoining box.

1

Lease Factor:		Option #1	
		0.0175	
Vehicles	Vehicle Cost	Monthly Expense	Reporting Period
0		\$ -	\$ -
0		\$ -	\$ -
0		\$ -	\$ -
0		\$ -	\$ -
0		\$ -	\$ -
0		\$ -	\$ -
0		\$ -	\$ -
0		\$ -	\$ -
0		\$ -	\$ -
0		\$ -	\$ -
0		\$ -	\$ -

\$ -	\$ -
------	------

Option #2	
Direct Entry	
Monthly Expense	Reporting Period
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -

\$ -	\$ -
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Salary Input Worksheet

Salary Expenses Only Associated With The Program

Only those salaries that would be immediately discontinued if the Centralization Program were discontinued qualify. Some existing employees will change their workload from non-consolidation work to the consolidation program. However, if the program is discontinued, these same employees would simply go back to doing what they had been doing previously. Accordingly, they are not considered in these direct salaries.

The following table assumes that people are usually hired as full time or part time. However, in the industry we think of some "positions" as 'variable'. This means that the hours worked, not assigned, will be in direct proportion to some independent measure of workload. If there are positions that are actually paid in this fashion, then additional input is provided at the bottom of this week sheet for both the independent variable driving employment and the hours per variable that are paid.

If direct input of the labor expense (including benefits and taxes) is used, select Option 2 in the adjoining box. If not, use Option 1.

1

Option 1 **Option 2**

[Return To Instructions](#)

		Enter One or The Other / Uses Annual Salary If Entered	
Full Time and Part Time Employees			
Job Description	Weekly Hours (For Salaried Positions Use 40 Hours Per FTE)	Annual Salary	Hourly Rate

Enter Benefit % in Box Below	Enter Payroll Tax % in Box Below
23.0%	7.6%
Full Benefits (Y/N)	Monthly Expense W/O Benefits & Taxes
	Monthly Benefits Expense + PR Taxes

9 Month Period Salary Expense	9 Month Period Benefits Expense & PR Taxes	Direct Input of Labor Costs For 9 Month Base Period	Direct Input of Benefit Costs & PR Taxes For 9 Month Base Period
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All Employees

1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
21				
Total Salary Expense				

Y	\$ -	\$ -
Y	\$ -	\$ -
Y	\$ -	\$ -
Y	\$ -	\$ -
Y	\$ -	\$ -
Y	\$ -	\$ -
Y	\$ -	\$ -
Y	\$ -	\$ -
Y	\$ -	\$ -
Y	\$ -	\$ -
Y	\$ -	\$ -
Y	\$ -	\$ -
Y	\$ -	\$ -
Y	\$ -	\$ -
Y	\$ -	\$ -
	\$ -	\$ -

\$ -	\$ -		
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\$ -	\$ -		
\$ -	\$ -		
\$ -	\$ -		
\$ -	\$ -		
\$ -	\$ -	\$ -	\$ -

Salary Input Worksheet

Variable Employees

If direct input of the labor expense (including benefits and taxes) is used, select Option 2 in the adjoining box. If not, use Option 1.

1

Option 1	Option 2
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	Job Description	"All Units" or Units From Specific Sources (Select)	Hours Per Unit	Paid Hours	Hourly Rate	Full Benefits (Y/N)	9 Month Period Expense Option 1	9 Month Period Expense Option 2
1	Job #1	A All Units		-		Y	\$ -	
2	Job #2	A All Units		-		Y	\$ -	
3	Job #3	A All Units		-		Y	\$ -	
4	Job #4	A All Units		-		Y	\$ -	
5	Job #5	A All Units		-		Y	\$ -	
6	Job #6	A All Units		-		Y	\$ -	
7	Job #7	A All Units		-		Y	\$ -	
8	Job #8	A All Units		-		Y	\$ -	
9	Job #9	A All Units		-		Y	\$ -	
10	Job #10	A All Units		-		Y	\$ -	

\$ -	\$ -
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Total Direct Salary, Taxes, and Benefits

Full Time and Part Time Salaries Added	\$ -
Variable Labor Added	\$ -
Total Direct Labor	\$ -