

Speech-Language Pathology Feasibility Study



The Feasibility Study

■ The process by which information are gathered, analyzed, and evaluated to determine if a new program or business is appropriate

■ **APPRAISE** the possibilities

Analysis

■ To screen project ideas before extensive time, effort and money are invested

■ Outline the planned service:

■ What is unique about your “Product”?

- Serving underserved need?
- Better design, price, location, staff?

■ Target Market

- Demand exceeds supply?
- Ability to market to any and all referral sources?

■ Who to complete the feasibility study?

■ An experienced person gives objective measure of the opportunities

Perform the Market Survey

Demographic Influences

- ❑ Geriatric vs. pediatric population statistics?
- ❑ Determine local poverty rate
 - ❑ High? → ? enroll with government healthcare programs
- ❑ Service area population SEASONAL?
- ❑ Determine projected service area in km²
 - ❑ Bill for travel hours?
 - ❑ Productivity: one facility vs. many?

Government Mandates

- ❑ Guidelines of service

Perform the Market Survey

■ Estimate Market Expansion Opportunities

■ Hospital/Health facilities

- How many available beds in service area?
- Number of pts admitted with relevant diagnoses in the last X months?
- How and who does referrals?
 - Affiliation vs. autonomous?

■ Medical Specialists

- Available specialists in service area
 - Neurologists, GE, Radiology, Internal Medicine, ENT, Pediatrician

Perform the Market Survey

■ School Programs

- Permanent need for SLP?
- Temporary
 - Vacation coverage
 - Additional coverage?




■ Insurer Needs


- More service needed?
- Better service needed?
- Health plans status? To join or not to join?

Perform the Market Survey

Analyze the Competition

What are they doing?

-  Visit local hospitals, home health, long-term care
-  Speak with physicians and educators
 - Service satisfaction (quality and timeliness)?
-  How often visits occur to facility?

 **“New” service as good as or better than competition, otherwise DON’T Compete, COLLABORATE!!!**

Plan

Business Structure

- Independent vs. healthcare facility-based?
- Expansion part of facility or a new entity?
- Who pays for start-up funds?
- When will program be self-supporting?
- Contribution of parent organization?
 - Space
 - Secretary
 - Billing
 - Collection
 - Purchasing
 - Janitorial services







Plan

■ Service Area

- Can move freely because of limited equipment needed
- Considerations
 - Travel costs
 - Travel downtime
 - If outside state/country border → license?

Plan

Type and Location of Service







-  Specialist vs. Generalist services?
-  Acute care?
 -  Requires availability at least 5 times/week
-  Will there be a base for services?
 -  How much space?
 - Treatment area
 - Store equipments
 - Office space
 -  Where?
 - Overhead costs

Equipment

-  Depends on client base

Plan

Personnel

-  SLPs available?
-  Market Salary?
-  Benefits package?
-  Or, subcontracting?
 -  Consult with an accountant and an attorney
-  How many hours per week needed?

Revenue Projections

■ Project visits

■ Number of billable visits per day per clinician

- Paperwork time
- Marketing time
- Travel time
- Experience? Secretary?

■ Number of treatment days available per year

- Holidays
- Vacations
- Sick days
- Conference days

Revenue Projections

■ Assess Funding Sources

- Reimbursement by visit or by hour?
- Do charges include indirect contact:
 - Documentation
 - Travel time
 - Canceled appointments
- Determine projected percentage collection for each payer source

Revenue Projections

Determine Fees

Operational cost per treatment unit

Employee-related expenses

- Staff-related expenses
 - » Salary
 - » Vacation pay
 - » Medical/dental insurance
 - » Professional liability insurance
 - » Mileage expenses
 - » Continuing education
 - » Payroll taxes
 - » Workers' compensation

Other business-related expenses

- Rent
- Heat/AC
- Electricity
- Secretarial staff
- Management
- Professional consultants
- Equipment
- Repairs & maintenance
- Advertising
- Phones
- Business insurance
- Interest
- Loan principal and interest payments

Fee per treatment unit = costs/# of treatment units

Adjust to be competitive

Revenue Projections

■ Establish 1-, 3-, and 5-year revenue projections

■ Determined by

- Number of visits /year

- Fees

- Funding streams

■ Be realistic, be ware of changing trends!!

Assets and Liabilities

Assets

- Range: \$500 – thousands of \$
 - Desks
 - Computer
 - Copier
 - Supplies (evaluation and treatment)
 - Equipment (dependent on client type)
 - Videostroboscopy
 - Videoendoscopy
 - Portable audiometer

Liabilities

- Lease
- Clinical supplies
- Office supplies
- Equipment
- Debt to professional (accountants, attorneys, etc.)

Profit = Asset – Liabilities = +++

Internal/External Motivations

■ Level of involvement

- Will required commitment use talents effectively?
- Will it be personally gratifying and satisfy long-term goals?
- Does service location matter?
- Where does start-up money come from?

■ Is there a match between the level of involvement required and that given by practitioner?

Summarize and Analyze the Data

■ Answer to “Should this take place?”

■ Summarize best options or plans

- Location, Type of practice, Corporate options, Staffing needs, Startup costs, Equipment needs, Lease options, Insurance provider status, Support system needs

■ Each plan reflects a defined need?

- Funding streams and referral sources reliable?
 - No →
 - » Diversity in funding and referral base?
- What long-term goals are associated with each plan?
- What commitments are required for each?

Summarize and Analyze the Data

■ For each plan, compare expenses and liabilities

- Income statement reflects realistic expectations?

■ For each plan, identify pros and cons

- Make recommendations if any option should be considered

Execute the Plan

- Plan will likely yield desired income and growth potential
→ Go Ahead!!
- Unstable income/ unpredictable growth potential
→ Reconsider!!!!